

**CHAPTER 1255****FINANCIAL PROVISIONS — APPROPRIATION OF LOTTERY REVENUES —  
ENVIRONMENT, AGRICULTURE, AND NATURAL RESOURCES***S.F. 2153*

**AN ACT** relating to the environment, agriculture, and natural resources including making a commitment to the environment, agriculture, and natural resources by making appropriations from Iowa lottery revenues and providing for funding for rural water districts, and for an income tax credit for establishing permanent grass and buffer zones including erosion control structures, providing a penalty, and providing effective and applicability dates.

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

Section 1. Section 12.61, subsection 2, unnumbered paragraph 3, Code Supplement 1989, is amended to read as follows:

In selecting a credit card issuer, the treasurer shall consider the issuer's record of investments in the state, shall take into consideration credit card features which will enhance the promotion of the state-sponsored credit card including, but not limited to, favorable interest rates, annual fees, and other fees for using the card, and shall require that the card be available to any person who qualifies for a credit card. Upon entering into an agreement with the financial institution, the treasurer shall notify all state agencies then possessing a credit card to obtain the new state-sponsored credit card. ~~The financial institution is authorized to solicit participation from state employees.~~

Sec. 2. Section 15.108, subsection 1, paragraphs f and g, Code Supplement 1989, are amended by striking the paragraphs.

Sec. 3. Section 15.251, subsection 2, Code Supplement 1989, is amended to read as follows:

2. The department may charge, within thirty days following the sale of certificates under chapter 280B, the board of directors of the merged area a fee of up to one percent of the gross sale amount of the certificates issued. The amount of this fee shall be deposited into ~~the jobs now account within the Iowa plan fund for economic development created in section 99E.10~~ a job training fund created in the office of the treasurer of state and may be used by the department to cover the costs of management of chapter 280B and to support other efforts by the merged area schools related to providing productivity and quality enhancement training. Funds deposited under this subsection into the jobs now account job training fund during a fiscal year which are not expended by the department in that fiscal year are available for use by the department under this subsection for subsequent fiscal years.

*\*Sec. 4. Section 99E.9, subsection 3, paragraph m, Code 1989, is amended to read as follows:  
m. The form and type of marketing, informational, and educational material to be permitted. Marketing material and campaigns shall include the concept of investing in Iowa's ~~economic development~~ environment, agriculture, and natural resources and show the ~~economic development initiatives~~ environmental, agricultural, and natural resources programs funded from lottery revenue.\**

*\*Sec. 5. Section 99E.10, subsection 1, paragraph b, Code 1989, is amended to read as follows:  
b. An amount equal to four percent of the gross sales price of each ticket or share sold shall be deducted as the sales tax on the sale of that ticket or share, remitted to the treasurer of state and deposited into the ~~state general fund~~ rural community 2000 bond security account established under section 220.142, subsection 8.\**

Sec. 6. Section 99E.10, subsection 1, unnumbered paragraph 3, Code 1989, is amended to read as follows:

The ~~Iowa plan~~ committing the lottery to environment, agriculture, and natural resources fund for ~~economic development~~, also to be known as the ~~Iowa plan~~ CLEAN fund, is created

in the office of the treasurer of state. Lottery revenue remaining after expenses are determined shall be transferred to the ~~Iowa plan~~ CLEAN fund on a monthly basis. Revenues generated during the last month of the fiscal year which are transferred to the ~~Iowa plan~~ CLEAN fund during the following fiscal year shall be considered revenues transferred during the previous fiscal year for purposes of the allotments made to and appropriations made from the separate accounts in the ~~Iowa plan~~ CLEAN fund for that previous fiscal year. However, upon the request of the director and subject to approval by the treasurer of state, an amount sufficient to cover the foreseeable administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery revenue. Prior to the monthly transfer to the ~~Iowa plan~~ CLEAN fund, the director may direct that lottery revenue shall be deposited in the lottery fund and in interest bearing accounts designated by the treasurer of state in the financial institutions of this state or invested in the manner provided in section 452.10. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the ~~Iowa plan~~ CLEAN fund in the same manner as other lottery revenue. Money in the ~~Iowa plan~~ CLEAN fund shall be deposited in interest bearing accounts in financial institutions in this state or invested in the manner provided in section 452.10. The interest or earnings on the deposits or investments shall be considered part of the ~~Iowa plan~~ CLEAN fund and shall be retained in the fund unless appropriated by the general assembly.

Sec. 7. Section 99E.10, subsection 2, Code 1989, is amended by striking the subsection.

Sec. 8. Section 99E.10, subsection 3, Code 1989, is amended to read as follows:

~~3 2. Funds equal to any initial appropriation from the general fund to the lottery shall be returned to the general fund from the receipts of the sale of tickets or shares not later than July 1, 1986.~~ The director of management shall not include lottery revenues in the director's fiscal year revenue estimates. Moneys in the ~~Iowa plan~~ CLEAN fund shall not be considered to be a part of the Iowa economic emergency fund.

Sec. 9. Section 99E.20, subsection 2, Code 1989, is amended to read as follows:

2. A lottery fund is created in the office of the treasurer of state. The fund consists of all revenues received from the sale of lottery tickets or shares and all other moneys lawfully credited or transferred to the fund. The commissioner shall certify monthly that portion of the fund that is transferred to the ~~Iowa plan~~ CLEAN fund under section 99E.10 and shall cause that portion to be transferred to the ~~Iowa plan~~ CLEAN fund of the state. The commissioner shall certify before the twentieth of each month that portion of the fund resulting from the previous month's sales to be transferred to the ~~Iowa plan~~ CLEAN fund.

Sec. 10. NEW SECTION. 99E.34 APPROPRIATIONS — TEN FISCAL YEARS.

1. The treasurer of state shall, for each fiscal year of the fiscal period beginning July 1, 1990, and ending June 30, 2000, make allotments of the moneys within the CLEAN fund created in section 99E.10 to separate accounts within that fund as follows:

a. For each fiscal year, sixty-two and five-tenths percent to the Iowa resources enhancement and protection fund created in section 455A.18 and which amount is appropriated for the purposes of that fund. However, the total amount allotted under this paragraph in any single fiscal year shall not exceed twenty-five million dollars.

*\*b. For each fiscal year, eighteen percent to the environmental protection account.\**

c. For each fiscal year, six percent to the soil conservation account.

*\*d. For each fiscal year, eight percent to the energy efficiency account.*

e. For each fiscal year, five and five-tenths percent plus the amount, if any, that would have been allotted to paragraph "a" but for the dollar limitation specified in paragraph "a" to the annual appropriations account. It is the intent of the general assembly that moneys in this account be appropriated annually for environmentally related programs and purposes.

2. For each fiscal year of the fiscal period, moneys allotted to the environmental protection account shall be appropriated as follows:

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a. Fifty-nine and five-tenths percent to the waste volume reduction and recycling fund to be used as follows:

(1) One-half of the moneys deposited under this lettered paragraph shall be used for the purposes specified pursuant to section 455D.15, subsection 2. The moneys shall be allocated to each county on the basis of population. The county allocation shall be distributed quarterly by the department to each county. The county shall immediately distribute the funds to the cities based upon the proportion of the city's respective population to the total county population, and the county shall retain the portion of the funds based upon the proportion of the unincorporated area of the county to the total population of the county. The funds shall be used by the county and the cities for the implementation of the comprehensive plan elements required pursuant to section 455B.306 and relative to chapter 455D.

(2) One-half of the moneys deposited under this lettered paragraph shall be used for the purposes designated pursuant to section 455D.15, subsection 3.

b. Four and one-tenths percent to the agricultural management account of the groundwater protection fund as provided in section 455E.11, subsection 2, paragraph "b", to be used for plugging abandoned wells and cisterns.

c. Three and five-tenths percent to the department of natural resources to implement and administer the state and local government waste management program established pursuant to section 455B.484 and section 455B.510.

d. Seven percent to the groundwater protection fund created in section 455E.11, to be used for the household hazardous waste cleanup program established in section 455F.8. The department may use this allocation to fund its administration of the program and to provide assistance to local communities in holding cleanup events and operating the collection centers.

e. Seven percent to the groundwater protection fund created in section 455E.11, to be used to finance household hazardous material collection sites established pursuant to section 455F.8A and the local government education programs established pursuant to section 455F.8B.

f. Three and five-tenths percent to the groundwater protection fund created in section 455E.11 to provide grants to counties for rural water testing under section 455B.172, subsection 5.

g. Four and nine-tenths percent to the environmental protection division of the department of natural resources for an ongoing air quality toxics monitoring, permitting, and inspection program.

h. Two percent to the Iowa state university of science and technology for allocation to the Iowa state university water research institute for the purposes and under the conditions specified in section 99E.32, subsection 4, paragraph "e".

i. Seven percent to the environmental protection division of the department of natural resources to be used for the assessment and evaluation of surface water streams and rivers.

j. One and five-tenths percent to the environmental advertising board created in section 190C.2 for purposes of chapter 190C.\*

3. For each fiscal year of the fiscal period, moneys in the soil conservation account are appropriated to the department of agriculture and land stewardship to be allocated as follows:

a. Sixty-two and four-tenths percent to the soil conservation division of the department of agriculture and land stewardship to provide state soil and water conservation cost-sharing funds pursuant to sections 467A.42 through 467A.75.

b. Eighteen and eight-tenths percent to the water protection fund created in section 467F.4, to be used for filter strips and waterways projects. The governing body of each soil and water conservation district shall identify those critical areas within the district where permanent grass and buffer zones would mitigate the effects of concentrated runoff on surface water quality. The governing body shall notify the landowners of those critical areas and provide the landowners with recommendations to establish these permanent grass and buffer zones, including any erosion control structures that may be appropriate, to mitigate the effects of concentrated runoff on surface water quality. In providing this notification and these recommendations, the governing body shall also inform the landowners that the establishment of these

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zones along with any erosion control structures may be eligible for financial assistance under the incentive programs within the water protection fund pursuant to section 467F.4 and may also qualify for cost-sharing funds pursuant to section 467A.48.

c. Eighteen and eight-tenths percent to the soil conservation division of the department of agriculture and land stewardship for reforestation programs.

*\*4. For each fiscal year of the fiscal period, moneys allotted to the energy efficiency account shall be appropriated as follows:*

a. *Twelve percent to the energy and geological resources division of the department of natural resources, to be used to establish the ethanol research and technology office at the state university of Iowa. The office shall coordinate its ethanol research with Iowa state university of science and technology in regard to the use of alternative agricultural products and distillation efforts. Up to ten percent of the funds appropriated in this paragraph may be awarded by the office to communities to study the feasibility of opening processing plants which are dry milling ethanol facilities.*

b. *Fourteen and one-tenth percent, to the Iowa energy center of which up to one-third, not to exceed one hundred fifty thousand dollars, may be used for administration costs of the center and the remainder shall be used for transportation studies and projects which enhance energy efficiency and self-sufficiency.*

c. *Fourteen and one-tenth percent, to the department of agriculture and land stewardship, for on-farm alternative fuels demonstration projects.*

d. *Twenty-two and three-tenths percent to the Iowa energy center established pursuant to Senate File 2403,\*\* if enacted by the Seventy-third General Assembly, 1990 Session, to be used for competitive grants to communities for comprehensive, communitywide, low-income home weatherization projects. Applications shall be made in conjunction with a community action agency designated pursuant to section 601K.93.*

e. *Thirty-one and three-tenths percent to the Iowa energy center established pursuant to Senate File 2403,\*\* if enacted by the Seventy-third General Assembly, 1990 Session to be used for competitive grants, for comprehensive, in-depth, communitywide projects to reduce energy consumption and enhance energy self-sufficiency. Cities, clusters of cities and counties are eligible to apply for grants. Applications may be limited to building efficiency or vehicle efficiency or may contain both and shall contain a component for ongoing education concerning the goals of the plan and how to achieve those goals. The moneys under this paragraph shall be allocated equally for building efficiency and vehicle efficiency. However, if the moneys allocated to either category are not used or dedicated by April 1 of the fiscal year, the moneys may be reallocated to the other category.*

f. *Six and two-tenths percent to the department of natural resources for the administration of energy efficiency programs and projects created in this Act or in Senate File 2403,\*\* if enacted by the Seventy-third General Assembly, 1990 Session.*

5. *For the fiscal year beginning July 1, 1990, moneys allotted to the annual appropriations account shall be appropriated as follows:*

a. *Three hundred thousand dollars to the center for health effects of environmental contamination established in section 263.17, to be used for research involving environmental exposure and risk from contamination of the air, soil, and water and for the state rural well water survey in conjunction with the department of natural resources.*

b. *Seven hundred thousand dollars to the department of natural resources to be used for the completion of the Three-mile lake reservoir.*

c. *One hundred thousand dollars to the department of natural resources to be used for the restoration of Springbrook lake.*

d. *Three hundred thousand dollars to the department of natural resources to be used to contract for a statewide analysis of town and country water systems and development of a plan for the efficient delivery of water to Iowa citizens through municipal, county, and rural water systems.*

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\*\*Chapter 1252 herein

*e. One hundred fifty thousand dollars to the department of agriculture and land stewardship to be used for the purpose of funding the development of a program to preserve the state's crop and native plant seed stocks.*

*The department of agriculture and land stewardship shall employ an Iowa seed crop curator to work in cooperation with the United States department of agriculture's north central plant introduction station at Ames and with the Iowa state university of science and technology.*

*The department of agriculture and land stewardship in conjunction with the Iowa state university of science and technology and the north central plant introduction station at Ames shall establish an advisory committee to conduct a study to identify crop and native plant seed stocks for the purpose of preserving threatened plant genetic resources. The committee shall include representatives of the department of natural resources, the department of agriculture and land stewardship, the state department of transportation, the Iowa state university of science and technology, and representatives of other public and private organizations. The committee shall submit a report of its findings to the general assembly by January 1, 1992. The department of agriculture and land stewardship may contract with the Iowa state university of science and technology to assist in the collection, cataloging, and maintenance of the crop and native plant seed stocks.*

*f. Three hundred twenty-five thousand dollars to the center for global and regional environmental research at the state university of Iowa to study the regional impact of environmental change. The center shall consult with Iowa state university of science and technology and the university of northern Iowa.*

*g. One hundred thousand dollars to the department of natural resources to be transferred immediately to the Iowa resources enhancement and protection fund created in section 455A.18 to replace funds advanced to the designated counties in the designated amounts for purposes of the agreements entered into with the department to restore and repair lowhead dams in the counties as provided in 1989 Iowa Acts, chapter 311, section 9, subsection 4:*

- (1) Lyon county, the sum of thirty-three thousand three hundred thirty-three dollars.*
- (2) Jasper county, the sum of sixteen thousand six hundred sixty-seven dollars.*
- (3) Buena Vista county, the sum of sixteen thousand six hundred sixty-seven dollars.*
- (4) Jones county, the sum of thirty-three thousand three hundred thirty-three dollars.*

*h. One hundred thousand dollars, to the department of natural resources to be used in grant programs for towns with a population of three thousand five hundred or less for the construction of swimming pools.*

*i. One hundred thousand dollars, to the Poweshiek rural water association for costs relating to the laying of water pipelines to cross the Iowa river.*

*j. Twenty-five thousand dollars, to the department of natural resources for a pilot project on energy efficiency and savings from computerizing energy use.*

*If the amount of funds in the annual appropriations account is insufficient to fund all the amounts appropriated under this subsection, each appropriation made in this subsection shall be reduced by the percent by which the amount of funds is insufficient.\**

6. The moneys appropriated in subsection 1, paragraph "a", and subsections 2, 3, 4, and 5 shall remain in the appropriate account of the CLEAN fund until such time as the agency, entity, or fund to which moneys are appropriated has made a request to the treasurer for use of moneys appropriated to it and the amount needed for that use. Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the CLEAN fund on June 30 of that fiscal year, shall not revert to any fund but shall remain in that account to be used for the purposes for which they were appropriated and the moneys remaining in that account shall not be considered in making the allotments for the next fiscal year.

7. The agency, entity, or fund to which moneys are appropriated under this section shall to the extent feasible make every effort to maximize the impact of these moneys through matching government and private funds unless otherwise provided by law.

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\*8. The agency or entity to which moneys are appropriated or which oversee a fund to which moneys are appropriated under this section may use some of those moneys for administrative costs relating to the use of those moneys, including additional full-time equivalent positions. The acquisition of additional full-time equivalent positions authorized under this subsection are not subject to any freeze, set by the governor, or the limit, set by the general assembly, on the number of full-time equivalent positions that such agency or entity may have. The agency or entity that adds additional full-time equivalent positions shall report the fact and the purpose at the end of the applicable quarter to the fiscal committee of the legislative council.\*

**\*Sec. 11. NEW SECTION. 190C.1 DEFINITIONS.**

As used in this chapter, unless the context otherwise requires:

1. "Board" means the environmental advertising board created in section 190C.2.
2. "Degradable" means as defined in section 455B.301.
3. "Degradable package" means package which is at least fifty percent composed of a product designated by the Iowa department of agriculture and land stewardship pursuant to section 159.30, subsection 1.
4. "Ecologically or environmentally sound or safe" means an absence of long-term harmful effects to the ecology or environment as a result of use or disposal.
5. "Recyclable material" means a material which would otherwise become waste, except that processes and markets exist which would allow the material to be returned to use in the form of raw materials or products. A material is recyclable when the board determines that processes and markets are available to a degree that makes recycling reasonably possible within Iowa.
6. "Recycled material" means a material whose ratio of recycled substance to original substance exceeds fifty percent, unless a lower ratio of the recycled substance is required to maintain a property of a material necessary for the material's intended use.\*

**\*Sec. 12. NEW SECTION. 190C.2 ENVIRONMENTAL ADVERTISING BOARD.**

There is established within the waste management authority of the department of natural resources a five-member environmental advertising board consisting of the following persons:

1. The secretary of agriculture, or the secretary's designee.
2. The director of the department of natural resources, or the director's designee.
3. The director of the Iowa department of public health, or the director's designee.
4. The director of the center for health effects of environmental contamination established pursuant to section 263.17, subsection 1, or the director's designee.
5. A member of the advisory committee established in section 190C.4.\*

**\*Sec. 13. NEW SECTION. 190C.3 GENERAL POWERS AND DUTIES OF THE BOARD.**

The board:

1. Has rulemaking authority under chapter 17A.
2. May employ a director and staff.
3. Shall monitor the development of national standards relating to claims of environmental benefit made for products, seek to assist in their development, and seek to host periodically, as necessary, national and regional forums on the issue.
4. Shall educate the public on the issue.
5. Gather information relating to claims of environmental benefit made for products sold in the state and provide periodic reports to the consumer protection division of the attorney general's office.
6. May develop a program using a logo or logos authorized for use in promoting the environmental benefit of products. Standards shall be developed as a part of the program.

In authorizing the use of a logo under this program, the board, the state, and any state agency, official, or employee involved in the authorization, is immune from a civil suit for damages, including but not limited to a suit based on contract, breach of warranty, negligence, strict liability, or tort. Authorization of the use of a logo by the board, the state, or any state agency,

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official, or employee, is not an express or implied guarantee or warranty concerning the environmental benefit of the applicant's product. This paragraph does not create a duty of care to the applicant or any other person.

7. *May use fees for the purposes of this chapter. Fees received by and appropriations made to the board shall not revert.\**

*\*Sec. 14. NEW SECTION. 190C.4 ADVISORY COMMITTEE.*

*There is established an advisory committee to provide technical assistance and advice to the board. The advisory committee shall consist of at least three members and not more than nine members. The members shall be appointed by the governor, subject to confirmation by the senate. To the extent possible, members shall have an expertise in environmental and health issues. The members serve at the pleasure of the governor. Members of the advisory committee shall receive a per diem of forty dollars and actual and necessary expenses incurred in the performance of their duties. The advisory committee shall designate one of its members to be the fifth member of the board. The advisory committee shall seek input from manufacturers of and consumers of products and packages as to the issues, trends, and technologies emerging in the environmental safety area.\**

*\*Sec. 15. Section 220.142, Code Supplement 1989, is amended by adding the following new subsection:*

**NEW SUBSECTION. 8. a.** *The authority shall establish a rural community 2000 bond security account, which shall consist of all revenues designated in section 99E.10, subsection 1, paragraph "b" to be deposited in the account and all other appropriations, grants, or gifts received by the authority for use under this subsection. The authority may transfer to this account any other funds not obligated for any other purpose.*

*b. In a fiscal year in which moneys in a reserve fund established under section 220.142, subsection 2, are insufficient to fully meet obligations to pay principal and interest on the bonds or notes, moneys in the security account established under paragraph "a" shall first be used to eliminate the insufficiency. However, the moneys in the security account that have not been spent for such payments by March 1 of the fiscal year shall be immediately transferred to the general fund of the state.\**

Sec. 16. Section 280C.6, subsection 1, Code 1989, is amended to read as follows:

1. There is established for the area schools an area school job training fund under the supervision of the treasurer of state. The area school job training fund consists of two separate accounts containing moneys as follows:

a. A permanent school fund repayment account to which shall be credited the interest and principal from repayment of loans originating from the permanent school fund appropriation in section 280C.8, made to employers for program costs, and interest earned from moneys in the account. Moneys in this account shall be used to repay the appropriation from the permanent school fund. At the end of each calendar quarter, the treasurer of state shall transfer the moneys in the account ~~and any moneys in the surplus account of the Iowa plan fund for economic development created in section 99E.31~~ to the permanent school fund as repayment of the loan from the permanent school fund. If there are moneys in the permanent school fund repayment account after the permanent school fund loan has been fully repaid, those moneys shall be transferred to the revolving loan account provided in paragraph "b" ~~of this section.~~

b. A revolving loan account to which shall be credited moneys appropriated for the fiscal year beginning July 1, 1987, and for succeeding fiscal years for the purposes of this chapter plus the interest and principal from repayment of advances made to employers for program costs and interest earned from moneys in the revolving loan account. Moneys in this account shall be used to provide advances to employers for program costs upon request of boards of directors of the area schools. Beginning July 1, 1995, the Iowa department of economic development shall reserve a portion of the moneys in the revolving loan account to pay a portion of the original one million dollar appropriation in section 280C.8 which, based upon projections of the state treasurer, may still be owed to the permanent school fund on June 30, 1996. The

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department shall reserve a portion of the moneys in the revolving loan account only if the moneys in the permanent school fund repayment account created in paragraph "a" and moneys in the "surplus" account of the Iowa plan fund for economic development created in section 99E.31, subsection 1, paragraph "e", are insufficient to repay the loan from the permanent school fund.

Sec. 17. Section 280C.8, Code 1989, is amended to read as follows:  
280C.8 APPROPRIATIONS.

Notwithstanding sections 8.6, 302.1, and 302.1A, there is appropriated from the permanent school fund, for the fiscal period beginning July 1, 1985, and ending June 30, 1996, the sum of one million dollars to provide funds for the purposes of and deposits in the area school job training fund created in section 280C.6. The money appropriated under this section is a loan from the permanent school fund to the area school job training fund. The interest on the loan shall be prepaid for a three-year period from funds appropriated by this section. The rate of interest shall be determined by the treasurer of state.

At the end of each calendar quarter the treasurer of state shall transfer moneys to repay the amount of the loan from the permanent school fund from the following sources:

1. ~~Moneys~~ moneys in the permanent school fund repayment account created in section 280C.6, subsection 1, paragraph "a".
2. Moneys to be credited to the "surplus" account of the Iowa plan fund for economic development created in section 99E.31.

On and after June 30, 1996, the moneys reserved by the Iowa department of economic development from the revolving loan account created in section 280C.6, subsection 1, paragraph "b", shall be used to repay a portion of the loan from the permanent school fund provided the conditions stated in section 280C.6, subsection 1, paragraph "b", are met.

Sec. 18. Section 331.441, subsection 2, paragraph b, Code Supplement 1989, is amended by adding the following new subparagraph:

**NEW SUBPARAGRAPH.** (12) Funding the construction, reconstruction, improvement, repair, and equipping of waterworks, water mains and extensions, ponds, reservoirs, wells, dams, pumping installations or other facilities for the storage, transportation, or utilization of potable water owned and operated by a rural water district established pursuant to chapter 357A, only when the rural water district and a sufficient number of participating members have entered into agreements which satisfy the board of supervisors that sufficient revenue to retire the principal and interest on the county general obligation bonds will be generated by the rural water district, and the rural water district and the board of supervisors have agreed that the interest and principal on the county general obligation bonds will be retired from the rural water district revenues.

If the rural water district revenues are insufficient to pay the principal and interest on the county's general obligation bonds, the county's debt service tax levy for the county general obligation bonds shall not be levied against property located in any city except a city which has entered into the chapter 28E agreement with the rural water district.

The county and the cities entering into the rural water district agreement may provide in the agreement for a different rate of the county's debt service tax levy against property in unincorporated areas of the county and property within those cities.

Sec. 19. Section 357A.11, subsection 7, Code 1989, is amended to read as follows:

7. Have power to borrow from, co-operate with and enter into such agreements as deemed necessary with any agency of the federal government, this state, or a county of this state, and to accept financial or other aid from any agency of the federal government. To evidence any indebtedness the obligations may be one or more bonds or notes and the obligations may be sold at private sale.

Sec. 20. Section 357A.11, Code 1989, is amended by adding the following new subsection:

**NEW SUBSECTION. 9.** Finance all or part of the cost of the construction or purchase of a project necessary to carry out the purposes for which the district is incorporated or to refinance all or part of the original cost of that project, including, but not limited to, obligations originated by the district as a nonprofit corporation under chapter 504A and assumed by the district reorganized under this chapter. Financing or refinancing carried out under this subsection shall be in accordance with the terms and procedures set forth in the applicable provisions of sections 384.83 through 384.88, 384.92, and 384.93. References in these sections to a city shall be applicable to a rural water district operating under this chapter, and references in that division to a city council shall be applicable to the board of directors of a rural water district. This subsection shall not create a lien against the property of a person who is not a rural water subscriber.

*\*Sec. 21. Section 422.43, subsection 2, Code 1989, is amended to read as follows:*

*2. There is imposed a tax of four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, operated or conducted within the state of Iowa, the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section. The tax shall also be imposed upon the gross receipts derived from the sale of lottery tickets or shares pursuant to chapter 99E. The tax on the lottery tickets or shares shall be included in the sales price and distributed to the general fund as provided in section 99E.10.\**

**Sec. 22.** Section 455A.18, subsection 4, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

For each fiscal year of the fiscal period beginning July 1, 1990, and ending June 30, 2000 2001, there is appropriated from the general fund, to the Iowa resources enhancement and protection fund, the amount of ~~\$20,000,000~~ thirty million dollars, except that for the fiscal year beginning July 1, 1990, the amount is twenty million dollars, to be used as provided in this chapter. However, in any fiscal year of the fiscal period, if moneys from the lottery are appropriated by the state to the fund, the amount appropriated under this subsection shall be reduced by the amount appropriated from the lottery.

**Sec. 23.** Section 455B.173, subsection 6, paragraph b, Code Supplement 1989, is amended to read as follows:

b. Adopt rules which require each public water system regulated under chapter 455B to test the source water of that supply for the presence of synthetic organic chemicals and pesticides every ~~two~~ three years. The rules shall enumerate the synthetic organic chemicals and pesticides, but not more than ten of each, for which the samples are to be tested; shall specify the approved analytical methods for conducting the analysis of water samples; and shall require the reporting of the analytical test results to the department. Priority for testing in the first year shall be those public water supplies for which none of the specified contaminants have been analyzed within the past five years. All of the laboratory analysis and data management shall be conducted by the center for health effects of environmental contamination. Sample collection shall be conducted using a standard sampling protocol by personnel within the department and the center for health effects of environmental contamination in conjunction with other ongoing field activities. Samples from private wells and samples from privately owned public water supplies shall be allowed to undergo the same analysis. The cost for the analysis provided for samples from private wells and privately owned public water supplies shall not exceed one hundred ninety-five dollars for the first year of testing. The department shall submit a report to the general assembly, by September 1 of each year, of the findings of the tests and the conclusions which may be drawn from the tests.

**Sec. 24.** Section 455B.306, subsection 1, Code Supplement 1989, is amended to read as follows:

1. A city, county, and a private agency operating or planning to operate a sanitary disposal project shall file with the director a comprehensive plan detailing the method by which the

city, county, or private agency will comply with this part 1. All cities and counties shall also file with the director a comprehensive plan detailing the method by which the city or county will comply with the requirements of section 455B.302 to establish and implement a comprehensive solid waste reduction program for its residents. For the purposes of this section, a public agency managing the waste stream for cities or counties pursuant to chapter 28E, shall file one comprehensive plan on behalf of its members, which constitutes full compliance by the public agency's members with the filing requirements of this section. If both a public agency managing the waste stream for a city or county pursuant to chapter 28E, and one or more of the public agency's member cities or counties file a comprehensive plan under this subsection, the director shall, following notice to the agency, make a determination that any plan filed by a member city or county is compatible with the comprehensive plan of the chapter 28E public agency. If the director determines that the comprehensive plan of a city or county is not compatible with the comprehensive plan of a chapter 28E public agency, the director shall require the city or county to provide justification for approval of the comprehensive plan based upon the innovative nature of the comprehensive plan, the urgency of implementation, or other unique features of the comprehensive plan of the city or county, and that the plan otherwise complies with the provisions of this chapter. This subsection does not prevent the director from approving pilot projects which otherwise comply with the provisions of this chapter. The director shall review each comprehensive plan submitted and may reject, suggest modification, or approve the proposed plan. The director shall aid in the development of comprehensive plans for compliance with this part. The director shall make available to a city, county, and private agency appropriate forms for the submission of comprehensive plans and may hold hearings for the purpose of implementing this part. The director and governmental agencies with primary responsibility for the development and conservation of energy resources shall provide research and assistance, when cities and counties operating or planning to operate sanitary disposal projects request aid in planning and implementing resource recovery systems. A comprehensive plan filed by a private agency operating or planning to operate a sanitary disposal project required pursuant to section 455B.302 shall be developed in cooperation and consultation with the city or county responsible to provide for the establishment and operation of a sanitary disposal project.

**\*Sec. 25. NEW SECTION. 455B.510 STATE AND LOCAL GOVERNMENT WASTE MANAGEMENT PROGRAM.**

1. *The department shall establish and administer, in cooperation with other state agencies, local governments, and school districts, a program to manage the wastes generated by state and local governments as a part of a comprehensive pollution prevention program for governments in Iowa. The program shall emphasize hazardous and toxic waste minimization and recycling and shall include assistance in the disposal of nonrecyclable wastes.*

2. *The department shall:*

a. *Develop and implement programs to train state, local government, and school officials in pollution prevention, waste minimization, and waste management. This shall include the creation of intergovernmental pollution prevention teams to serve the local governments and school districts of each county.*

b. *Assist local governments and school districts in finding nonhazardous or nontoxic substitutes for hazardous and toxic materials currently used in their business activities.*

c. *Assist local governments and school districts in recycling or disposing of toxic and hazardous wastes currently stored. This may include the creation of a cooperative waste pickup and disposal program that is jointly financed by the department and the participants.*

d. *Provide financial assistance to local governments and school districts in the implementation of pollution prevention, waste minimization, and waste management programs.*

3. *Local governments and school districts shall:*

a. *Participate in establishing intergovernmental pollution prevention teams by January 1, 1991.*

b. *Arrange to have a pollution prevention team review their facilities.*

\*Item veto; see message at end of the Act

c. *File a waste minimization and waste management report with the department by January 1, 1992. A progress report shall be filed every subsequent two years.*

4. *Once the governmental waste management program is established, the department, other state agencies, local governments, and school districts shall cooperate with conditionally exempt small quantity hazardous and toxic waste generators in handling waste minimization and waste management problems by providing technical assistance and allowing those generators to participate in governmental recycling and waste disposal programs at cost.\**

*\*Sec. 26. 1990 Iowa Acts, Senate File 2364,\*\* section 12, subsection 1, unnumbered paragraph 1, is amended to read as follows:*

*There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 1990, and ending June 30, 1991, the following amount or so much thereof as is necessary, to be used for the purpose designated:\**

Sec. 27. 1990 Iowa Acts, Senate File 2364,\*\* section 25, is amended to read as follows:

SEC. 25. Section 455B.304, Code Supplement 1989, is amended by adding the following new unnumbered paragraph:

**NEW UNNUMBERED PARAGRAPH.** Notwithstanding the provisions of this chapter regarding the requirement of the equipping of a sanitary landfill with a leachate control system and the establishment and continuation of a postclosure account, the department shall adopt rules which provide for an exemption from the requirements to equip a publicly owned sanitary landfill with a leachate control system and to establish and maintain a postclosure account if the sanitary landfill operator is a public agency, if the sanitary landfill has closed or will close by July 1, 1992, and will no longer accept waste for disposal after that date, and if at the time of closure of the sanitary landfill monitoring of the groundwater does not reveal the presence of leachate. ~~The rules may~~ department shall require postclosure groundwater monitoring and shall establish the requirements for the implementation of leachate collection and control in cases in which leachate is found during postclosure monitoring. ~~The rules department~~ shall provide for a closure completion period following the date of closure of a sanitary landfill. Notwithstanding the provisions of this paragraph, the public agency shall retain financial responsibility for closure and postclosure requirements applicable to sanitary disposal projects.

*\*Sec. 28. Section 455D.15, subsections 2 and 3, Code Supplement 1989, are amended to read as follows:*

2. ~~The department shall award grants based upon the solid waste management hierarchy set forth in section 455B.301A, subsection 1. A grant shall not be awarded to a county, city, or central planning agency which has not complied with the requirements of a comprehensive solid waste management program and which has not complied with or demonstrated an intent to comply with the requirements of section 455B.306. One-half of the moneys deposited in the fund shall be allocated to each county on the basis of population. The county allocation shall be distributed quarterly by the department to each county. The county shall immediately distribute the funds to the cities based upon the proportion of the city's respective population to the total county population, and the county shall retain the portion of the funds based upon the proportion of the unincorporated area of the county to the total population of the county. The funds shall be used by the county and the cities for the implementation of the comprehensive plan elements required pursuant to section 455B.306 and relative to chapter 455D.~~

3. ~~The One-half of the moneys deposited in the fund shall be utilized for the following purposes:~~

a. ~~The initial thirty five thousand dollars collected for deposit in the fund shall be appropriated to the department for establishment of the pollution hotline program established pursuant to section 455B.116, and for the salary and support of not more than one full-time equivalent position.~~

b a. *To provide financial assistance to public and private entities to develop and implement waste reduction and minimization programs for Iowa industries.*

\*Item veto; see message at end of the Act

\*\*Chapter 1260 herein

e. *To provide financial assistance to public and private entities and to develop and implement programs to create and enhance markets for recyclable and other waste products.*

d. *To develop and implement educational and technical assistance programs that support and encourage waste reduction and recycling efforts by Iowans.*

e. *To administer the provisions of chapter 455B, division IV, part 1.*

f. *The department may utilize up to ten twenty percent of the fund to administer the provisions of this chapter.*

g. *To provide grants to local communities or private individuals for projects which establish recycling collection centers, establish local curbside collection of separated recyclable waste materials, promote public awareness regarding waste volume reduction and the use of recyclable materials, and create markets for recyclable materials. Grants shall not be awarded for incineration.*

h. *To provide technical assistance to local communities in establishing collection systems and composting facilities for yard waste.*

i. *To fund the study required pursuant to section 455D.11, subsection 3, and to provide loans and grants for waste tire recycling and reprocessing projects.*

j. *To carry out the functions of the department of natural resources concerning recycling.*

k. *To promote the recycling of chlorofluorocarbons used as refrigerant.\**

#### Sec. 29. NEW SECTION. 455D.19 PACKAGING — HEAVY METAL CONTENT.

1. The general assembly finds and declares all of the following:

a. The management of solid waste can pose a wide range of hazards to public health and safety and to the environment.

b. Packaging comprises a significant percentage of the overall solid waste stream.

c. The presence of heavy metals in packaging is a concern in light of the likely presence of heavy metals in emissions or ash when packaging is incinerated or in leachate when packaging is landfilled.

d. Lead, mercury, cadmium, and hexavalent chromium, on the basis of available scientific and medical evidence, are of particular concern.

e. It is desirable as a first step in reducing the toxicity of packaging waste to eliminate the addition of heavy metals to packaging.

f. The intent of the general assembly is to achieve reduction in toxicity without impeding or discouraging the expanded use of postconsumer materials in the production of packaging and its components.

2. As used in this section unless the context otherwise requires:

a. "Distributor" means a person who takes title to products or packaging purchased for resale.

b. "Manufacturer" means a person who offers for sale or sells products or packaging to a distributor.

c. "Package" means a container which provides a means of marketing, protecting, or handling a product including a unit package, intermediate package, or a shipping container. "Package" also includes but is not limited to unsealed receptacles such as carrying cases, crates, cups, pails, rigid foil and other trays, wrappers and wrapping films, bags, and tubs.

d. "Packaging component" means any individual assembled part of a package including but not limited to interior and exterior blocking, bracing, cushioning, weatherproofing, exterior strapping, coatings, closures, inks, or labels.

3. No later than July 1, 1992, a manufacturer or distributor shall not offer for sale or sell, or offer for promotional purposes a package or packaging component, in this state, which includes, in the package itself, or in any packaging component, inks, dyes, pigments, adhesives, stabilizers, or any other additives, any lead, cadmium, mercury, or hexavalent chromium which has been intentionally introduced as an element during manufacturing or distribution as opposed to the incidental presence of any of these elements and which exceed the concentration level established by the department.

\*Item veto; see message at end of the Act

4. No later than July 1, 1992, a manufacturer or distributor shall not offer for sale or sell, or offer for promotional purposes, in this state, a product in a package which includes in the package itself or in any of the packaging components, inks, dyes, pigments, adhesives, stabilizers, or any other additives, any lead, cadmium, mercury, or hexavalent chromium which has been intentionally introduced as an element during manufacturing or distribution as opposed to the incidental presence of any of these elements and which exceed the concentration level established by the department.

5. The concentration levels of lead, cadmium, mercury, and hexavalent chromium present in a package or packaging component shall not exceed the following:

- a. Six hundred parts per million by weight by July 1, 1992.
- b. Two hundred fifty parts per million by weight by July 1, 1993.
- c. One hundred parts per million by weight by July 1, 1994.

Concentration levels of lead, cadmium, mercury, and hexavalent chromium shall be determined using American standard of testing materials test methods, as revised, or United States environmental protection agency test methods for evaluating solid waste, S-W 846, as revised.

6. The following packaging and packaging components are exempt from the requirements of this section:

a. Packaging or packaging components with a code indicating a date of manufacture prior to July 1, 1990.

b. Packages or packaging components to which lead, cadmium, mercury, or hexavalent chromium have been added in the manufacturing, forming, printing, or distribution process in order to comply with health or safety requirements of federal law or for which there is no feasible alternative if the manufacturer of a package or packaging component petitions the department for an exemption from the provisions of this paragraph for a particular package or packaging component. The department may grant a two year exemption, if warranted, by the circumstances, and an exemption may, upon meeting either criterion of this paragraph be renewed for two years. For purposes of this paragraph, a use for which there is no feasible alternative is one in which the regulated substance is essential to the protection, safe handling, or function of the package's contents.

Packages and packaging components that would not exceed the maximum contaminant levels established but for the addition of postconsumer materials.

7. By July 1, 1992, a manufacturer or distributor of packaging or packaging components shall make available to purchasers, to the department, and to the general public upon request, certificates of compliance which state that the manufacturer's or distributor's packaging or packaging components comply with, or are exempt from, the requirements of this section.

If the manufacturer or distributor of the package or packaging component reformulates or creates a new package or packaging component, the manufacturer or distributor shall provide an amended or new certificate of compliance for the reformulated or new package or packaging component.

8. The commission shall adopt rules to implement this section and report to the general assembly on the effectiveness of this section no later than forty-two months following the enactment of this section and recommend any other toxic substances contained in packaging to be added to the list in order to further reduce the toxicity of packaging waste.

9. A manufacturer or distributor who does not comply with the requirements of this section is guilty of a simple misdemeanor.

Sec. 30. Section 455E.11, subsection 2, paragraph b, subparagraph (3), subparagraph subdivision (b), Code Supplement 1989, is amended to read as follows:

(b) Two percent is appropriated annually to the department of natural resources for the purpose of administering grants to counties and conducting oversight of county-based programs relative to the testing of private water supply wells and the proper closure of private abandoned wells. Not more than seventeen and one-half percent of the moneys is appropriated annually to the department of natural resources for grants to counties for the purpose of conducting programs of private, rural water supply testing, not more than six percent of the moneys

is appropriated annually to the state hygienic laboratory to assist in well testing, and not more than seventeen and one-half percent of the moneys is appropriated annually to the department of natural resources for grants to counties for the purpose of conducting programs for properly closing abandoned, rural water supply wells and cisterns. For purposes of this subparagraph subdivision, "cistern" means an artificial reservoir constructed underground for the purpose of storing rainwater.

Sec. 31. Section 455E.11, subsection 2, paragraph c, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

A household hazardous waste account. The moneys collected pursuant to section 455F.7 shall be deposited in the household hazardous waste account. Except for the first one hundred thousand dollars received annually for deposit in the waste volume reduction and recycling fund to be used by the department to provide financial assistance to counties in investigation of complaints; and the next one hundred thousand dollars received annually for deposit in the emergency response fund, the treasurer of state shall deposit moneys received from civil penalties and fines imposed by the court pursuant to sections 455B.146, 455B.191, 455B.386, 455B.417, 455B.454, 455B.466, and 455B.477, in the household hazardous waste account. Two thousand dollars is appropriated annually to the Iowa department of public health to carry out departmental duties under section 135.11, subsections 20 and 21, and section 139.35; ~~eighty thousand dollars is appropriated to the department of natural resources for city, county, or service organization project grants relative to recycling and reclamation events, and eight thousand dollars is appropriated to the department of transportation for the period of October 1, 1987, through June 30, 1989, for the purpose of conducting the used oil collection pilot project.~~ The remainder of the account shall be used to fund Toxic Cleanup Days programs and the efforts of the department to support a collection system for household hazardous materials, including public education programs, training, and consultation of local governments in the establishment and operation of permanent collection systems, and the management of collection sites, education programs, and other activities pursuant to chapter 455F, including the administration of the household hazardous materials permit program by the department of revenue and finance.

Sec. 32. Section 455F.8, Code 1989, is amended to read as follows:

#### 455F.8 HOUSEHOLD HAZARDOUS WASTE CLEANUP PROGRAM CREATED.

The department shall conduct programs to collect and dispose of small amounts of hazardous wastes which are being stored in residences or on farms. The program shall be known as "Toxic Cleanup Days". The department shall promote and conduct the program and shall by contract with a qualified and bonded waste handling company, collect and properly dispose of wastes believed by the person disposing of the waste to be hazardous. The department shall establish maximum amounts of hazardous wastes to be accepted from a person during the "Toxic Cleanup Days" program. Amounts accepted from a person above the maximum shall be limited by the department and may be subject to a fee set by the department, but the department shall not assess a fee for amounts accepted below the maximum amount. The department shall designate the times and dates for the collection of wastes. ~~The department shall have as a goal twelve "Toxic Cleanup Days" during the period beginning July 1, 1987, and ending October 31, 1988. In any event, the department shall offer the number of days that can be properly and reasonably conducted with funds deposited in the household hazardous waste account. In order to achieve the maximum benefit from the program, the department shall offer "Toxic Cleanup Days" on a statewide basis and provide at least one "Toxic Cleanup Day" in each departmental region. "Toxic Cleanup Days" shall be offered in both rural and urban areas to provide a comparison of response levels and to test the viability of multicounty "Toxic Cleanup Days". The department may also offer at least one "Toxic Cleanup Day" at a previously serviced location to test the level of residual demand for the event and the effect of the existing public awareness on the program.~~ The department shall prepare an annual report citing the results and costs of the program for submittal to the general assembly.

Sec. 33. NEW SECTION. 455F.8A HOUSEHOLD HAZARDOUS MATERIAL COLLECTION SITES.

1. By January 1, 1991, the department shall complete an assessment of the needs of local governments for temporary collection sites for household hazardous materials. Upon completion of the assessment, the department shall design a model facility which would adequately serve the needs identified. During the design phase, the department shall also identify facility permit requirements.

2. a. Following the completion of the assessment and design of the model facility, the department shall set a goal of establishing a three-year competitive grant program to assist in the development of five pilot household hazardous waste reduction and collection programs. *\*The grants shall be in the amount of one hundred thousand dollars.\**

b. The grant program shall provide for the establishment of five pilot sites so that both rural and urban populations are served.

c. The department shall develop criteria to evaluate proposals for the establishment of sites. The criteria shall give priority to proposals for sites which provide the most efficient services and which provide local, public, and private contributions for establishment of the sites. The criteria shall also include a requirement that the recipient of a grant design and construct a facility sufficient for the collection, sorting, and packaging of materials prior to transportation of the materials to the final disposal site. Final review of design and construction of the proposed facilities shall be by the department.

d. The recipients of grants shall provide for collection of hazardous wastes from conditionally exempt small quantity generators in the area of the facility established. The facility shall require payment for collection from conditionally exempt small quantity generators if the amount of waste disposed is greater than ten pounds. Conditionally exempt small quantity generators which deliver their hazardous wastes to the site shall not be required to obtain a permit to transport the hazardous waste to the site.

Sec. 34. NEW SECTION. 455F.8B LOCAL GOVERNMENT EDUCATION PROGRAMS.

A recipient of a household hazardous waste reduction and collection program grant shall do all of the following:

1. Identify a regional or local agency to coordinate a public education effort, and provide for staff to implement the education program.

2. Establish an intensive three-year educational project to educate the local population regarding alternatives to the purchase or disposal of toxic materials. The educational project shall include efforts to promote the use of household hazardous materials labeling required pursuant to chapter 455F.

3. Establish a community education effort to be integrated within the existing educational system regarding household hazardous waste reduction and recycling.

4. Develop a plan for the recycling of hazardous substances not minimized by the public. The plan shall optimize resource use while minimizing waste and shall include a formal arrangement for the exchange of materials at no cost to the participants and an arrangement for the acceptance by the department of general services or the local or regional government agency of hazardous materials useful in its operations.

Sec. 35. Section 467A.48, subsection 1, Code Supplement 1989, is amended to read as follows:

1. a. An owner or occupant of land in this state is not required to establish any new permanent or temporary soil and water conservation practice unless public or other cost-sharing funds have been specifically approved for that land and actually made available to the owner or occupant.

b. The owner or occupant of land is eligible to receive state cost-sharing funds to establish a permanent grass and buffer zone, including an erosion control structure or an erosion control practice to mitigate the effects of concentrated runoff on surface water quality.

c. The amount of cost-sharing funds made available shall not exceed ~~seventy-five~~ fifty percent of the estimated cost as established by the commissioners of a permanent soil and water conservation practice, or ~~seventy-five~~ fifty percent of the actual cost, whichever is less, or an amount set by the committee for a temporary soil and water conservation practice, except as otherwise provided by law with respect to land classified as agricultural land under conservation cover.

The amount of cost-sharing funds made available to establish a permanent grass and buffer zone may be up to one hundred percent of the estimated cost as established by the commissioners or one hundred percent of the actual cost, whichever is less.

PARAGRAPH DIVIDED. The commissioners shall establish the estimated cost of permanent soil and water conservation practices in the district based upon one and two-tenths of the average cost of the practices installed in the district during the previous year. The average costs shall be reviewed and approved by the commissioners each calendar year.

#### Sec. 36.

The appropriation to the Iowa resources enhancement and protection fund in 1989 Iowa Acts, chapter 307, section 35, shall be considered an appropriation for a separate fiscal year for purposes of the allocation to be made to the conservation education board under section 455A.19, subsection 1, unnumbered paragraph 1. Up to 3 percent of the amount allocated to the conservation education board as a result of this section, shall be used, or so much thereof as is necessary, by the department of education, in cooperation with the department of cultural affairs, to distribute to all public libraries, libraries at state institutions, college libraries, and libraries at public and nonpublic schools in the state, and to each member of the Iowa general assembly, the publication "50 simple things you can do to save the earth".

#### Sec. 37.

1. Notwithstanding the nonreversion provision in section 99E.32, subsection 7, or any other provision, all unencumbered or unobligated moneys remaining on June 30, 1990, and all encumbered or obligated moneys as of June 30, 1990, from appropriations made from the surplus account, jobs now account, education and agricultural research and development account, and the jobs now capitals account to the department of economic development for purposes for which moneys are appropriated for the fiscal year beginning July 1, 1990, in Senate File 2327,\* if enacted by the Seventy-third General Assembly, 1990 Session, shall be transferred to the general fund of the state and shall be available for expenditure for those same purposes as provided in Senate File 2327,\* if enacted and are in addition to moneys appropriated for those same purposes for the fiscal year beginning July 1, 1990.

2. Except as otherwise provided in subsection 1, notwithstanding the nonreversion provision in section 99E.32, subsection 7, or any other provision, all unencumbered or unobligated moneys remaining in the surplus account, jobs now account, education and agricultural research and development account, and the jobs now capitals account on June 30, 1991, or remaining on June 30, 1991, from appropriations made from any of those accounts shall revert to the CLEAN fund for allocation and expenditure as provided in this Act for the fiscal year beginning July 1, 1991.

3. The agency, board, commission, or overseer of the funds to which moneys have been appropriated from any of the accounts in the Iowa plan fund for economic development for any of the fiscal years beginning July 1, 1985, July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, shall provide by December 15, 1990, to the department of management a status report and any encumbered or obligated moneys remaining unspent on June 30, 1990, from moneys appropriated from the Iowa plan fund for any fiscal year, except the fiscal year beginning July 1, 1989, shall be available for expenditure by the department of economic development for purposes of chapter 15. The status report shall specify the status of the moneys appropriated as of June 30, 1990, or such later date as designated by the department of management, and the amount of loans outstanding, if any, that were made from those moneys appropriated, and

\*Chapter 1262 herein

other information relating to the status of the moneys appropriated as required by the department of management.

*\*Sec. 38.*

*Section 5 of this Act is effective July 1, 1991.\**

*Approved May 8, 1990, except the items which I hereby disapprove and which are designated as section 4 in its entirety; section 5 in its entirety; section 10, subsection 1, paragraphs b, d, and e in their entirety; section 10, subsection 2 in its entirety; section 10, subsection 4 in its entirety; section 10, subsection 5 in its entirety; section 10, subsection 8 in its entirety; section 11 in its entirety; section 12 in its entirety; section 13 in its entirety; section 14 in its entirety; section 15 in its entirety; section 21 in its entirety; section 25 in its entirety; section 26 in its entirety; section 28 in its entirety; that portion of section 33, subsection 2, paragraph a, which is herein bracketed in ink and initialed by me; and section 38 in its entirety. My reasons for vetoing these items are delineated 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*

Dear Madam Secretary:

I hereby transmit Senate File 2153, an Act relating to the environment, agriculture, and natural resources including making a commitment to the environment, agriculture, and natural resources by making appropriations from Iowa lottery revenues and providing for funding for rural water districts, and for an income tax credit for establishing permanent grass and buffer zones including erosion control structures, providing a penalty, and providing effective and applicability dates.

Senate File 2153 provides for the appropriation of funds to programs for the improvement and protection of our natural resources. By approving the expenditure of up to \$27.4 million per year for fiscal year 1990-91, I am supporting a substantial increase in Iowa's commitment to a quality environment.

Up to \$25 million per year will be allocated to the Iowa Resources Enhancement and Protection Fund (REAP). These funds are to be used for the acquisition and maintenance of open spaces; county conservation activities; soil and water enhancement activities such as reforestation, the protection of erodible soils and clean water programs; the acquisition and maintenance of parks and open spaces in Iowa cities; the maintenance and expansion of state lands; historical resources development; and for roadside vegetation and beautification.

I have also approved the expenditure of about \$2.4 million for soil and water conservation cost-sharing activities and for surface water protection and reforestation programs.

While I continue to place a high priority on activities to protect the environment in Iowa, I also have a constitutional responsibility to assure that the state budget is balanced. Unfortunately, the General Assembly has left me little choice but to disapprove some new programs, some of which I recommended to the General Assembly in January.

The state of Iowa must live within its financial resources, be they from sales taxes, income taxes, or from the sale of lottery tickets. I renew my recommendations to the General Assembly that proceeds from the Iowa Lottery be deposited in the state general fund.

Senate File 2153 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

\*Item veto; see message at end of the Act

I am unable to approve the item designated as Section 4, in its entirety. This provision would require the marketing activities of the Iowa Lottery to focus on the concept of investing in Iowa's environment, agriculture, and natural resources. Marketing for the lottery would no longer be required to focus on economic development.

Given the action that I have taken on other portions of Senate File 2153, it is possible the revenues derived from the lottery may be used for purposes other than the environment. Under that circumstance, marketing activities of the Iowa Lottery may include initiatives of the state of Iowa in many areas including economic development, transportation, education, as well as the environment.

I am unable to approve the items designated as Sections 5, 15, 21, and 38, in their entirety. These provisions establish the possibility of raising revenues through debt financing to augment the Rural Community 2000 Program. Bonds issued under this program would be backed by a security account funded by diverting the four percent tax on the sale of lottery tickets from the general fund. This mechanism for securing debt obligated by the Iowa Finance Authority would set a dangerous precedent. The earmarking of general fund revenues is not a good management practice and would inhibit the state's ability to effectively manage its finances.

I am unable to approve the items designated as Section 10, subsection 1, lettered paragraphs b, d, and e, in their entirety; and Section 10, subsections 2, 4, 5, and 8, in their entirety. These items would have appropriated up to \$12.6 million for environmental protection, energy efficiency, and other miscellaneous activities. While I recognize that this action does not directly improve the condition of the state general fund, the effect will be to retain revenues from the Iowa Lottery which, given current revenue projections, will be needed to avoid a deficit in the future.

I am unable to approve the items designated as Sections 11, 12, 13, and 14, in their entirety. These items would establish an Environmental Advertising Board. Since I have disapproved the appropriations for this program, it would be incongruous to approve the provisions creating it.

I am unable to approve the item designated as Section 25, in its entirety. This provision would establish a state and local government waste management program. Because I have disapproved the appropriations for this program, it would be inappropriate to require the Department of Natural Resources to implement it.

I am unable to approve the item designated as Section 26, in its entirety. Since I have previously disapproved a related provision from 1990 Iowa Acts, Senate File 2364, it would be inappropriate to approve this section.

I am unable to approve the item designated as Section 28, in its entirety. This provision would distribute moneys from the waste volume reduction and recycling fund to cities and counties on the basis of population. Because I have disapproved the appropriation to the fund and because future appropriations to the fund are uncertain, it is prudent to retain the current waste management grant program.

I am unable to approve the designated portion of Section 33, subsection 2, lettered paragraph a. This provision would require that grants made under the household hazardous waste reduction and collection program be in the amount of \$100,000. The Department of Natural Resources should have the discretion to establish the amount of a grant within the limits of resources available for the program.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2153 are hereby approved as of this date.

Sincerely,  
TERRY E. BRANSTAD, *Governor*