

72nd General Assembly

State of Iowa

**FISCAL REPORT
1987 SESSION**

Including Enrolled Bills

Legislative Fiscal Bureau
June, 1987



DENNIS C. PROUTY
DIRECTOR
5 15/281-5279

STATE CAPITOL
DES MOINES, IOWA
50319

STATE OF IOWA
LEGISLATIVE FISCAL BUREAU

July 1, 1987

Members of the 72nd General Assembly of Iowa
and Other Interested Citizens:

The Fiscal Report, issued by the Legislative Fiscal Bureau, compiles fiscal information; appropriations, Ways and Means actions, fees, federal block grants, Petroleum Overcharge, salary adjustments, Iowa Plan, Excellence in Education, groundwater protection, legislative oversight, enrolled bills and veto messages passed during the 1987 session of the 72nd General Assembly.

This report is intended to aid legislators, state officials and others as a comprehensive reference containing general fund receipts, appropriations (including non-general fund), bill summaries, and copies of enacted legislation.

If you have questions, please contact a member of the Legislative Fiscal Bureau staff.

Yours truly,

Dennis C. Prouty
Director

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FISCAL INFORMATION

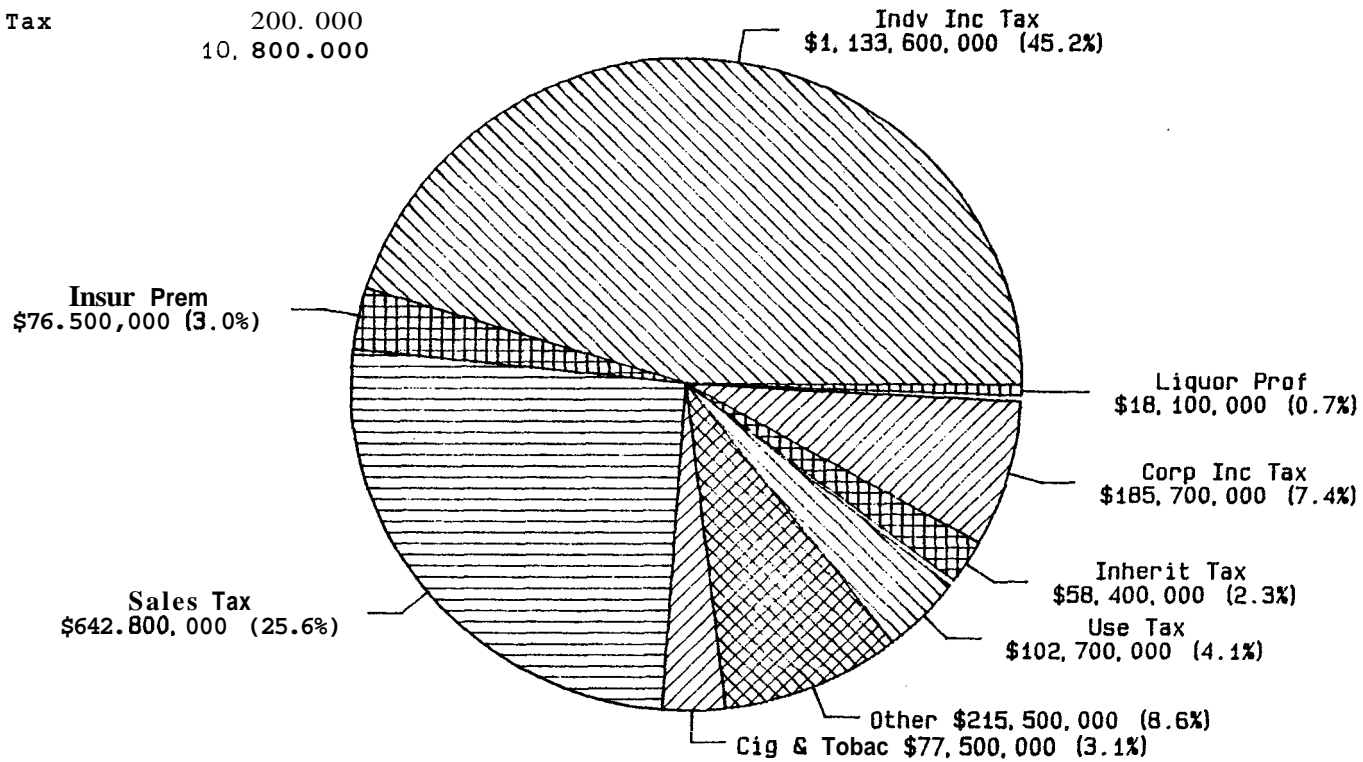
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General Fund Estimated Receipts

Fiscal Year 1987

Other Receipts:

Interest	\$19,300,000
County Treasurer's	41,700,000
Fees	19,400,000
Misc. Receipts	107,000,000
Beer and Liquor Tax	12,800,000
Franchise Tax	4,300,000
Equip. Car Tax	200,000
Pari-mutuel	10,800,000



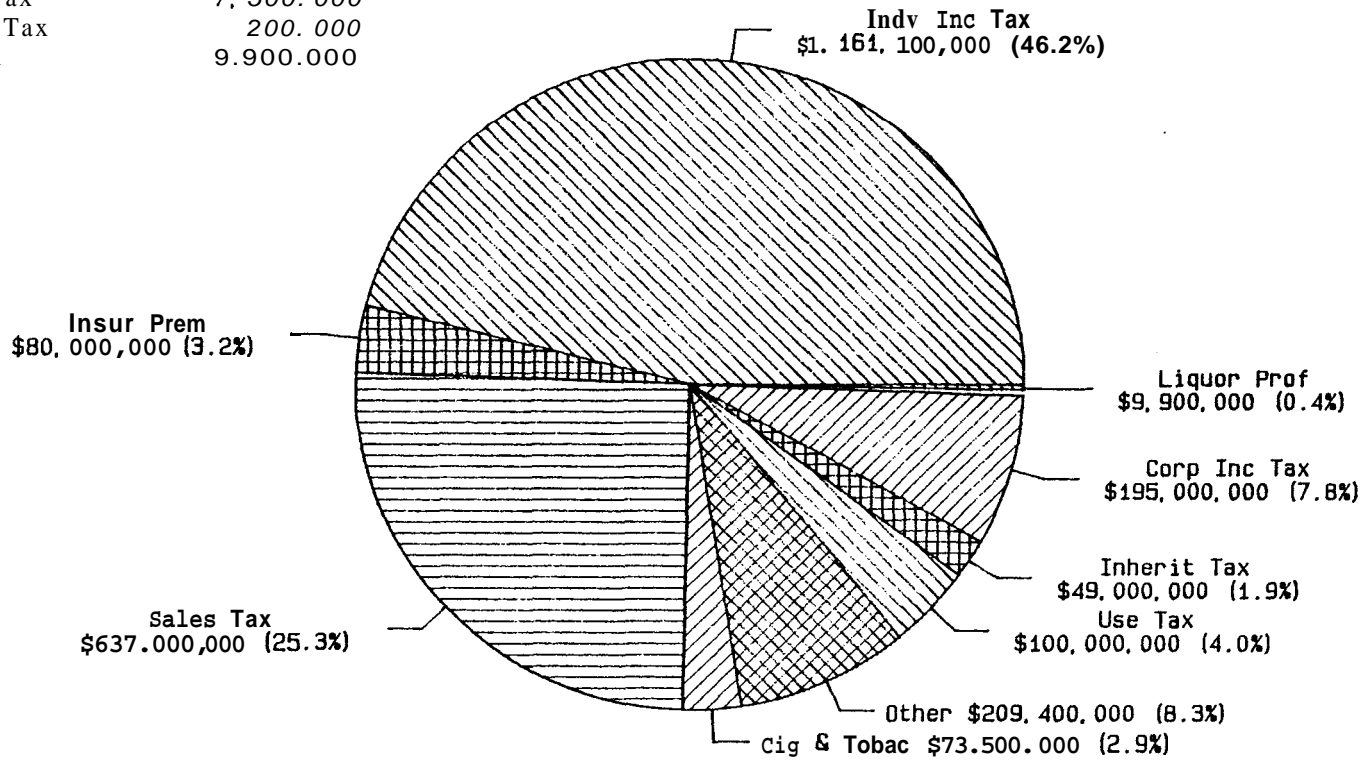
TOTAL: \$2,510,800,000

General Fund ~~Estimated~~ Receipts

Fiscal Year 1988

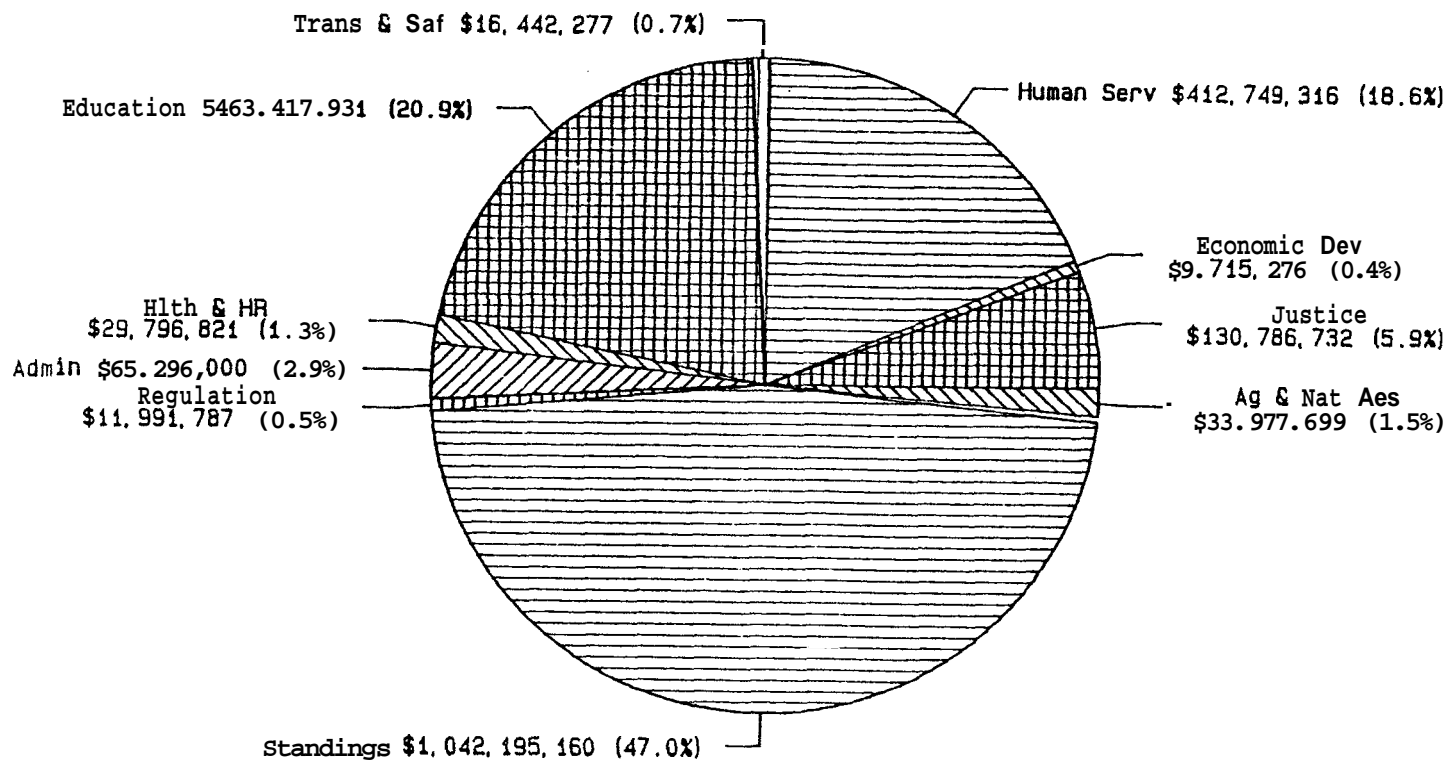
Other Receipts:

Interest	\$14,500,000
County Treasurer's Fees	50,100,000
Misc. Receipts	97,100,000
Beer and Liquor Tax	13,200,000
Franchise Tax	7,500,000
Equip. Car Tax	200,000
Pari-mutuel	9,900,000



TOTAL: \$2,514,900,000

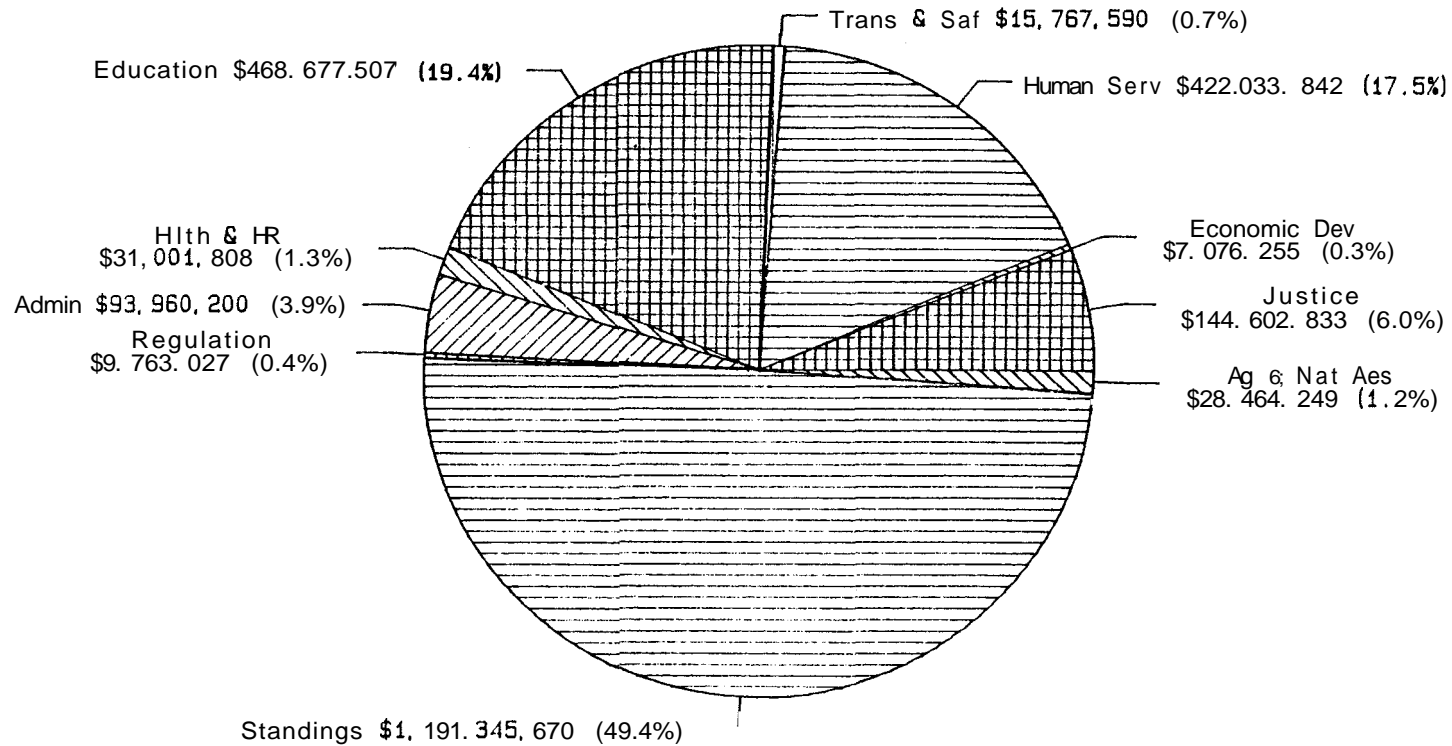
Fiscal Year 1987



TOTAL: \$2,216,368,999

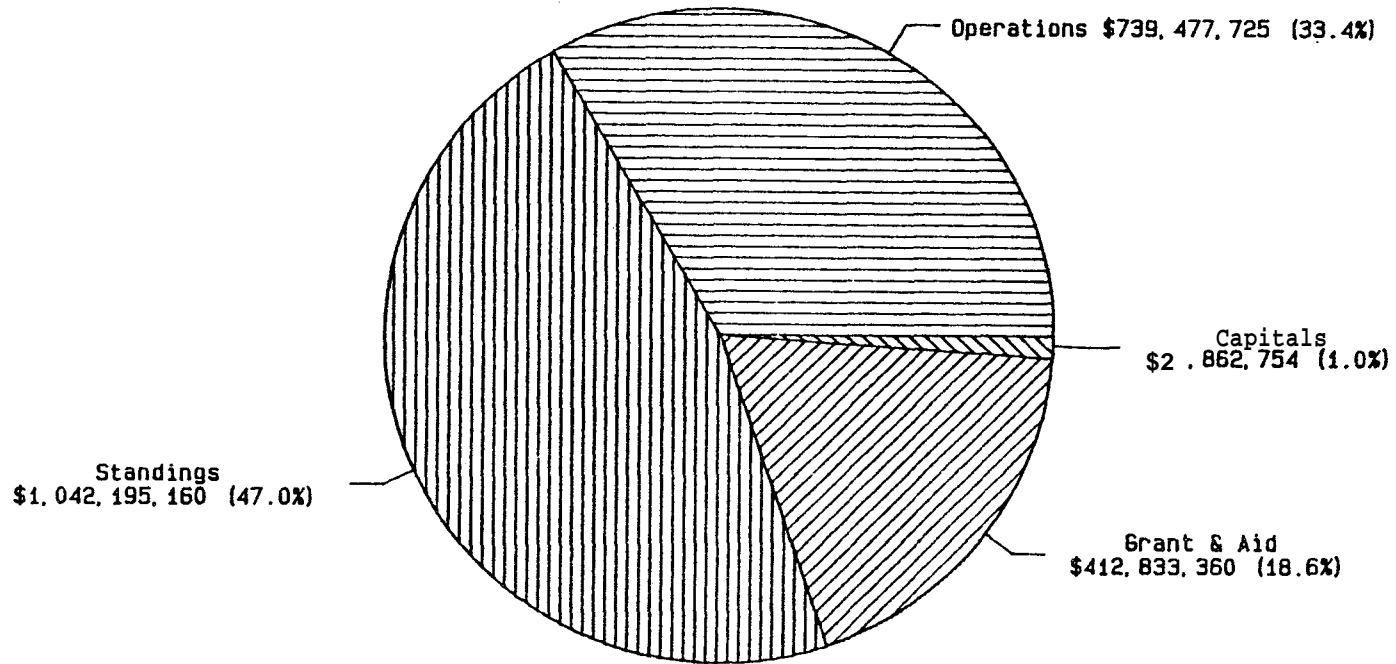
General Fund Appropriations

Fiscal Year 1988



TOTAL: \$2,412,692,981

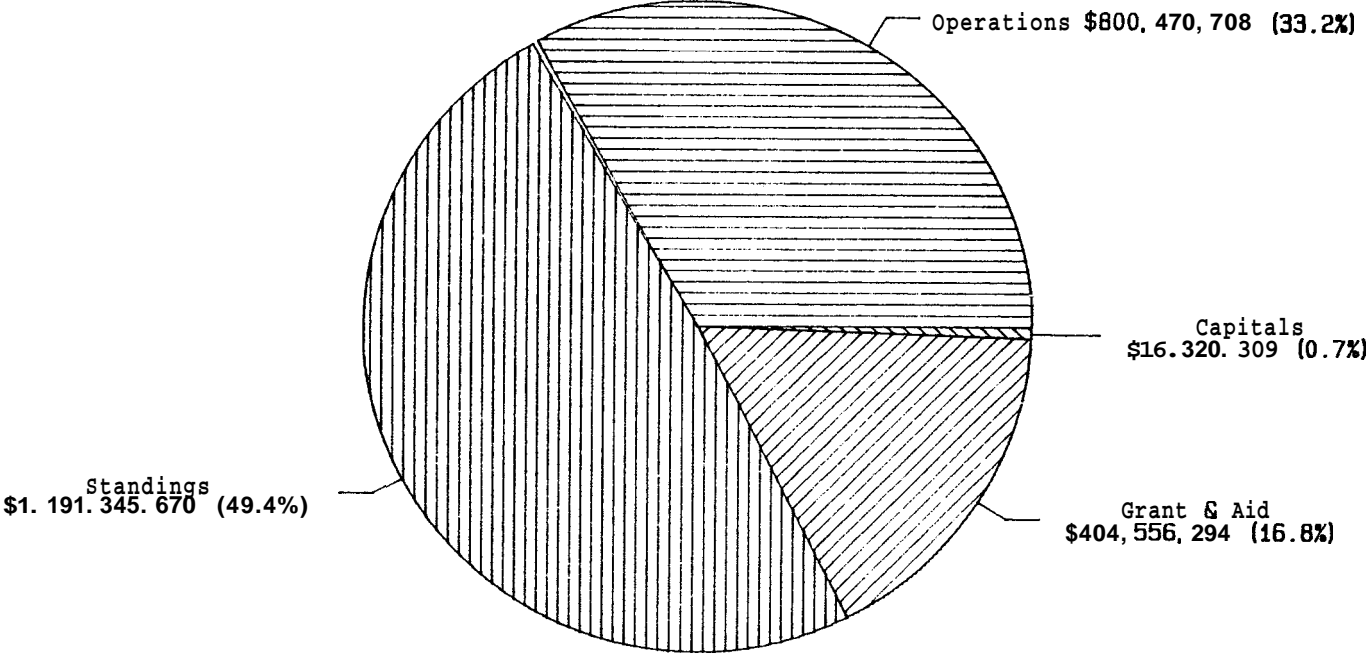
Fiscal Year 1987



TOTAL: \$2,216,368,999

General Fund Appropriations

Fiscal Year 1988



TOTAL: \$2,412,692,981

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Legislative Fiscal Bureau

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Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987 =====	Governor FY 1988 =====	Approp. FY 1988 =====	% Reduction =====	Governor Veto =====	Net Approp. =====	Bill # =====
Administration	316,673,076	365,840,898	346,407,683	334.167	0	346,073,516	
Agri & Natural Resources	33,977,699	34,326,868	28,492,742	28.493	0	28,464,249	
Economic Development	9,715,276	26,827,023	7,433,340	7.085	350.000	7,076,255	
Education	1,253,941,958	1,424,376,861	1,412,665,536	1,394.945	3,590,000	1,407,680,591	
Health & Human Rights	29,796,821	31,412,311	31,727,842	31.034	695,000	31,001,808	
Human Services	412,825,316	410,577,748	424,832,300	422.534	2,300,000	422,109,766	
Justice System	130,966,732	143,601,500	145,121,900	79.182	325.000	144,717,718	
Regulation	12,001,287	12,492,697	9,782,300	9.783	0	9,772,517	
Trans. & Safety	16,470,834	17,623,070	15,812,375	15.814	0	15,796,561	
Total Appropriations	2,216,368,999 =====	2,467,078,976 =====	2,422,276,018 =====	2,323,037 =====	7,260,000 =====	2,412,692,981 =====	
Operations	739,477,725	812,759,185	803,511,308	735.600	2,305,000	800,470,708	
Grant and Aid	412,833,360	399,289,788	406,652,110	390.816	1,705,000	404,556,294	
Capitals	21,862,754	21,162,000	16,336,646	16.337	0	16,320,309	
Standings	1,042,195,160	1,233,868,003	1,195,775,954	1,180.284	3,250,000	1,191,345,670	
Total Appropriations	2,216,368,999 =====	2,467,078,976 =====	2,422,276,018 =====	2,323,037 =====	7,260,000 =====	2,412,692,981 =====	

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12,005,000 '87 Supplemental

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Administration							
Executive Council							
Executive Council	39,605	39,605	39,605	40	0	39,565	S 511
Court Costs	50,000	50,000	50,000	50	0	49,950	
Public Improvement	35,000	15,000	15,000	15	0	14,985	
Habeas Corpus Fees	60,000	60,000	60,000	60	0	59,940	
Performance Of Duty	500,000	500,000	500,000	500	0	499,500	
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Executive Council	684,605	664,605	664,605	665	0	663,940	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Administration							
General Assembly							
Legislative House							
NCSL	51,002	60,844	60,844	61	0	60,703	S 511
House	4,678,500	4,767,000	4,767,000	0	0	4,767,000	
	-----	-----	-----	-----	-----	-----	
	4,729,502	4,827,844	4,827,844	61	0	4,827,783	
Legislative Senate							
Senate	2,758,065	2,848,155	2,848,155	0	0	2,848,155	
Legislative Joint Expense							
Joint Expenses	380,700	425,000	425,000	0	0	425,000	
Publications	9,000	0	0	0	0	0	
Admin Rules Review	45,000	45,000	45,000	0	0	45,000	
Renovation and Supplies	6,000	0	0	0	0	0	
	-----	-----	-----	-----	-----	-----	
	440,700	470,000	470,000	0	0	470,000	
Citizens' Aide, Office Of							
Citizens' Aide	265.692	279.812	279.812	0	0	279.812	
Code Editor's Office							
Code Editor	1,269,125	1,006,285	1,006,285	0	0	1,006,285	
Leg. Computer Support Bur							
Leg Computer Support	864.521	903,297	903,297	0	0	903,297	
Legislative Fiscal Bureau							
Legislative Fiscal Bureau	731.234	763,290	763,290	0	0	763,290	
Legislative Service Bur							
Piuneer Lawmakers	707	0	0	0	0	0	
Legislative Service Bur	1,117,574	1,191,622	1,191,622	0	0	1,191,622	
Draftiny and Research	20,000	14,000	14,000	0	0	14,000	
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	1,138,281	1,205,622	1,205,622	0	0	1,205,622	
Uniform Laws							
Uniform State Laws Comm	8,538	18,273	18,273	18	0	18,255	S 511
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General Assembly	12,205,658	12,322,578	12,322,578	79	0	12,322,499	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Administration							
General Services, Dept							
General Serv Operations	4,709,037	5,109,954	4,963,985	4,964	0	4,959,021	S 511
G.S. Information Services	6,296,781	5,898,627	5,379,627	5,380	0	5,374,247	S 511
General Serv Utilities	1,804,755	1,748,222	1,583,067	1,583	0	1,581,484	S 511
Gen Serv Rental Space	890.311	667,733	667,773	668	0	667,105	S 511
Gen Serv Risk Mgmt	184.666	18.500	18.500	19	0	18.481	S 511
Capitol Planning	2,095	1,571	1,571	2	0	1,569	S 511
New Historical Building	750.000	0	0	0	0	0	S 511
Capitol Renovation	3,500,000	0	0	0	0	0	S 511
Capitol Restoration - LOT	0	1,000,000	0	0	0	0	S 511
	-----	-----	-----	-----	-----	-----	
General Services, Dept	18,137,645	14,444,607	12,614,523	12.616	0	12,601,907	
Governor							
Governor's Office	733.007	763.711	763.711	764	0	762.947	S 511
Expenses of Office	5.439	5.439	5,439	5	0	5.434	S 511
Ad Hoc Committees	15.706	15.706	15.706	16	0	15.690	S 511
Terrace Hill Quarters	65,403	79,554	79,554	80	0	79.474	S 511
Administrative Rules Coord	74.803	76.466	76,466	76	0	76.390	S 511
Interstate Extrad Exp.	3.000	3,000	3,000	3	0	2.997	
	-----	-----	-----	-----	-----	-----	
Governor	897.350	943,876	943,876	944	0	942.932	
Governor, Lieutenant							
Lieut Governor Office	106.120	110,018	122,518	123	0	122.395	S 511
Management, Department of							
Management - Operations	1,436,817	1,609,498	1,354,464	1,354	0	1,353,110	S 511
Salary Adjustment	680.529	38,152.341	35,006,757	35,007	0	34,971,750	S 511
Council of State Govt.	44,806	52,500	52,500	53	0	52.447	S 511
Comp. Worth Salary Adj.	610.272	0	0	0	0	0	S 511
Victim Restitution	115.178	0	0	0	0	0	S 511
Board Member Per Diem	10.152	0	0	0	0	0	
Sal Adj - Judicial	0	767,976	0	0	0	0	S 511
Indian Settlement Officer	3,365	3,365	3,365	3	0	3,362	
Appeals Board	2,750,000	2,000,000	2,000,000	2,000	0	1,998,000	
	-----	-----	-----	-----	-----	-----	
Management, Department of	5,651,119	42,585,680	30,417,086	38,417	0	38,378,669	
State and Federal Office							
State/Federal Office	0	0	190,034	190	0	189.844	S 511

Leyislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Administration							
Personnel, Department of							
Department of Personnel	2,999,720	2,972,233	3,045,213	3,045	0	3,042,168	S 511
FA06 & IOASI Adminis.	150,538	152,272	152,272	152	0	152,120	S 511
Pers-Corrections Trans.	222,206	0	0	0	0	0	S 511
Personnel-DHS Transfer	787,714	0	0	0	0	0	S 511
Personnel-DOT Transfer	12,074	0	0	0	0	0	S 511
Teachers Retirement Bene.	168,000	150,000	150,000	150	0	149,850	
Ipers 30 Yr. Incr. Bene.	7,000	6,000	6,000	6	0	5,994	
Ipers Ps & Ms Incr. Bene.	4,400,000	4,000,000	4,000,000	4,000	0	3,996,000	
Worker's Compensation	2,670,000	2,670,000	2,670,000	2,670	0	2,667,330	
IOASI Increased Benefits	135,000	110,000	110,000	110	0	109,890	
Ipers-Legislative Buy-In	25,000	10,000	10,000	10	0	9,990	
	-----	-----	-----	-----	-----	-----	
Personnel, Department of	11,577,252	10,070,505	10,143,485	0.143	0	10,133,342	
Revenue and Finance. Dept							
Dept Rev & Fin	17,014,522	17,316,998	17,316,998	7,317	0	17,299,681	S 511
County Assistance	3,195,236	0	5,296,500	5,297	0	5,291,203	S 511
Municipal Assistance	14,502,280	0	14,503,500	4,504	0	14,488,996	S 511
Gov Pers Prop Credit	0	36,613,994	0	0	0	0	S 511
Ay Land Tax Credit	43,500,000	43,500,000	43,500,000	43,500	0	43,456,500	
Pers Property Tax Repl	50,000,000	25,000,000	59,000,000	59,000	0	58,941,000	S 511
Pers Property Tax Repl Lv	8,000,000	0	5,100,000	5,100	0	5,094,900	ti 626
Property Tax Replacement	0	36,619,809	0	0	0	0	S 511
Printing Cigarette Stamps	125,000	130,000	130,000	130	0	129,870	
Sales Tax Fees And Cost	45,000	50,000	50,000	50	0	49,950	
Homestead Tax Credit Aid	93,050,000	93,500,000	93,500,000	93,500	0	93,406,500	
Extraord. Property Tax	9,500,000	9,000,000	9,000,000	9,000	0	8,991,000	
Peace Officer Retirement	3,100,000	3,150,000	3,150,000	3,150	0	3,146,850	
State Unemployment Compen	600,000	600,000	600,000	600	0	599,400	
Mach & Comp Tax Repl	20,500,000	16,500,000	16,500,000	16,500	0	16,483,500	
Gov Pers Prop Credit MAS	0	916,041	0	0	0	0	S 511
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Revenue and Finance, Dept	263,132,038	282,896,842	267,646,998	267.648	0	267,379,350	
Secretary of State							
Secretary of State-Gen.	1,197,090	1,230,399	1,295,192	1,295	0	1,293,897	S 511
Official Reg. Printing	62,000	0	0	0	0	0	S 511
Iowa Serviceinens Ballot	2,100	2,100	2,100	2	0	2,098	
Constitutional Amendments	2,700	0	0	0	0	0	S 511
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Secretary of State	1,263,890	1,232,499	1,297,292	1,297	0	1,295,995	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Ayri 8 Natural Resources							
Agriculture & Land Stewar							
Agriculture & Land Stewar							
Administrative Division	1,473,930	1,354,261	944,285	944	0	943,341	S 511
Farm Commodity Division	242,356	252,817	705,842	706	0	705,136	S 511
Regulatory Division	3,503,606	3,519,884	3,519,884	3,520	0	3,516,364	S 511
Laboratory Division	565,138	593,578	593,570	594	0	592,984	S 511
Indemnity Fund Startup	100,000	0	0	0	0	0	S 511
Grain Marketing Compact	50,000	0	0	0	0	0	S 511
Export Trading Company	250,000	0	0	0	0	0	S 511
Multiflora Rose	60,000	0	60,000	60	0	59,940	S 511
Iowa Grain Quality Prog	125,000	0	0	0	0	0	H 355
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	6,370,030	5,720,540	5,823,589	5,824	0	5,817,765	
Ay. - State Fair							
Bldg & Grounds Maint	69,038	0	0	0	0	0	S 511
Ag - Soil Conservation							
Soil Conserv Operations	3,727,876	4,155,747	4,269,334	4,269	0	4,265,065	S 511
Soil Surveys	303,436	0	0	0	0	0	S 511
Soil Conserv Cost Share	6,546,519	6,546,519	6,546,519	6,547	0	6,539,972	S 511
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	10,577,831	10,702,266	10,815,853	10,816	0	10,805,037	
Ag. - Development Authori							
Ag. Loan Assistance-LOT	0	5,000,000	0	0	0	0	S 511
Ay. Loan Assistance	5,000,000	0	0	0	0	0	H 355
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	5,000,000	5,000,000	0	0	0	0	
Agriculture & Land Stewar	22,016,899	21,422,806	16,639,442	16,640	0	16,622,802	
Natural Resources, Depart							
DNR Operations	9,645,817	0,118,623	0,149,123	10,149	0	10,138,970	
Waste Mngmt Authority	0	250,000	0	0	0	0	S 511
Reimbursement To USGS	185,558	186,169	186,169	186	0	185,983	S 511
Green Thumb Program	138,730	200,000	200,000	200	0	199,800	S 511
Radioactive Waste Compact	105,000	0	0	0	0	0	S 511
Toxic Waste Cleanup	20,000	0	0	0	0	0	H 355
Dam Feasibility Study	0	0	40,000	40	0	39,960	
Sewage Works-5% Grants	1,865,695	1,399,270	1,278,008	1,278	0	1,276,730	S 511
Capitals FY88-LOT	0	350,000	0	0	0	0	S 511
Capitals-Special-LOT	0	400,000	0	0	0	0	S 511
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Natural Resources, Depart	11,960,800	12,904,062	11,853,300	11,853	0	11,841,447	
Operations	20,380,485	20,631,079	20,568,215	20,568	0	20,547,647	
Grant and Aid	13,597,214	12,945,789	7,924,527	7,925	0	7,916,602	
Capitals	0	750,000	0	0	0	0	
	-----	-----	-----	-----	-----	-----	
Agri 8 Natural Resources	33,977,699	34,326,868	28,492,742	28,493	0	28,464,249	
	=====	=====	=====	=====	=====	=====	

Legislative fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Economic Development							
Economic Development, Oep							
General Office	3,111,414	3,106,469	1,691,788	1,692	0	1,690,096	S 511
Domestic Marketing	0	0	665,900	666	0	665,234	S 511
Small Business Programs	0	0	319,533	320	0	319,213	S 511
Community Progress Prgms	0	0	411,054	411	0	410,643	S 511
Tourism Promotion	1,774,981	2,069,205	1,490,000	1,490	0	1,488,510	S 511
Advertising & Marketing	92,333	92,333	89,563	90	0	89,473	S 511
Ambassador Program-LOT	1,000,000	500,000	0	0	0	0	S 511
Asiar Office	300,000	300,000	291,000	291	0	290,709	S 511
Mississippi River Parkway	15,000	15,000	14,550	15	0	14,535	S 511
Iowa Youth Services	76,516	79,089	76,516	77	0	76,439	S 511
Development Assist.-LOT	0	1,125,000	0	0	0	0	S 511
Product Oevlpmt-LOT	0	2,000,000	0	0	0	0	S 511
Export Finance Prgm-LOT	1,000,655	500,491	0	0	0	0	S 511
Child Care Services Prgm.	1,000,000	750,000	720,000	728	0	727,272	S 511
Comm. Developmt Block Grant	54,226	54,285	54,285	54	0	54,231	S 511
JTPA administration	960,151	960,151	960,151	960	0	959,191	S 511
Iowa Consv Corps-Gen Fund	330,000	300,000	291,000	291	0	290,709	S 511
Bus. Entrep. Assist.-LOT	0	11,075,000	0	0	0	0	S 511
Ed/Ag Rsch Dvlp Grnts-LOT	0	3,500,000	0	0	0	0	S 511
Iowa Consv Corps-LOT	0	400,000	0	0	0	0	S 511
	9,715,276	26,827,023	7,083,340	7,085	0	7,076,255	
Iowa Finance Authority							
Homeless shelters	0	0	350,000	0	350,000	0	H 671
Economic Development, Oep	9,715,276	26,827,023	7,433,340	7,085	350,000	7,076,255	
Operativns	6,370,244	7,287,096	5,399,904	5,052	350,000	5,044,852	
Grant and Aid	3,345,032	19,539,927	2,033,436	2,033	0	2,031,403	
Economic Development	9,715,276	26,827,023	7,433,340	7,085	350,000	7,076,255	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Education							
College Aid Commission							
College Aid General Off.	296.479	254,309	264,309	264	0	264,045	S 511
Tuition Grant Program	926.184	0	0	0	0	0	
Osteopathic College	725.410	825.410	725.410	725	0	724,685	S 511
Elder Law Program	95,000	0	0	0	0	0	
Summer Institute Program	0	500,000	0	0	0	0	S 511
College Work-Study Prog.	0	1,000,000	2,150,000	2.150	0	2,147,850	S 511
Occupational Therapist	0	0	30,000	0	30,000	0	S 511
Tuition Grant Prog.-Stand	19,806,900	24,819,084	24,319,084	24,319	0	24,294,765	S 511
Scholarship Program-Stand	336.525	566,400	400,000	400	0	399,600	S 511
Vocational Tech. Grants	646.582	672,472	646,582	647	0	645,935	S 511
Guaranteed Loan Payment	57,690	85,000	65,000	85	0	84,915	S 511
Science/Mathematics Loan	67.305	50,000	50,000	50	0	49,950	S 511
Supplemental Grant Prog.	900,000	1,000,000	800,000	800	0	799,200	S 511
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College Aid Commission	23,858,075	29,772,675	29,470,385	29,440	30,000	29,410,945	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Education							
Cultural Affairs							
Iowa Arts Council	481,590	467,586	467,586	468	0	467,118	S 511
State Historical Society	1,349,152	1,412,685	1,442,685	1,443	0	1,441,242	S 511
State Library	1,078,377	1,069,145	1,054,145	1,054	0	1,053,091	S 511
Terrace Hill	146,931	151,367	151,367	151	0	151,216	S 511
Regional Library System	1,465,230	1,098,923	1,450,230	1,450	0	1,448,780	S 511
Herbert Hoover Capital	1,246	1,246	0	0	0	0	S 511
Cultural Affairs - Admin.	0	290,239	259,214	259	0	258,955	S 511
Herbert Hoover Memorial	35,000	0	0	0	0	0	
C.R. Science Station	30,000	0	0	0	0	0	
Ottumwa Arts Council	30,000	0	0	0	0	0	
Dubuque Great Rivers Hall	40,000	0	0	0	0	0	
Amana Art Guild	20,000	0	0	0	0	0	
Clinton Riverboat Theatre	20,000	0	0	0	0	0	
Davenport River Develop.	35,000	0	0	0	0	0	
Promotion Of The Arts	40,000	0	0	0	0	0	
Montauk Repairs	20,700	0	0	0	0	0	
Bow String Bridge-Freepor	20,000	0	0	0	0	0	
Centennial Bldg Repairs	40,000	0	0	0	0	0	
Old Ft. Madison Repairs	25,000	0	0	0	0	0	
Rock Island Council Bluff	20,000	0	0	0	0	0	
IPTV Building	22,000	0	0	0	0	0	
Historical Site Promotion	30,000	0	0	0	0	0	
Blood Run Landmark	125,000	0	0	0	0	0	
St. Lib.-Promotion Grants	0	0	60,000	0	60,000	0	S 511
Cultural Community Grants	250,000	0	0	0	0	0	
Gardner Cabin Land	41,700	0	0	0	0	0	
Haverhill Blacksmith Shop	30,000	0	0	0	0	0	
Historical Building-LOT	0	1,500,000	0	0	0	0	S 511
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	5,396,926	5,991,191	4,885,227	4,825	60,000	4,820,402	
Cultural Affairs IPT							
Iowa Public Broadcasting	5,795,001	5,037,775	5,837,775	5,838	0	5,831,937	S 511
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Cultural Affairs	11,191,927	11,828,966	10,723,002	10,663	60,000	10,652,339	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Education							
Education, Department Of							
Education, Dept. Of							
Department Of Education	4,172,044	4,450,708	5,150,708	5,151	0	5,145,557	S 511
Vocational Educ Salaries	854,150	851,399	891,399	891	0	890,508	S 511
Professional Teaching	37,591	57,591	57,591	58	0	57,533	S 511
School Budget Review Comm	110,000	0	0	0	0	0	
AEA Economy Task Forces	10,000	0	0	0	0	0	
Science, Academy Of	57,494	57,494	57,494	57	0	57,437	S 511
Vocational Youth Org.	9,252	9,252	9,252	9	0	9,243	S 511
School Food Service	3,173,131	3,173,131	3,173,131	3,173	0	3,169,958	S 511
Textbook Of Nonpublic Sch	333,160	400,000	350,000	350	0	349,650	S 511
Vocational Educ Secondary	3,723,061	3,723,061	3,683,061	3,683	0	3,679,378	S 511
Merged Area Schools-Gen.	45,772,986	56,401,411	52,777,309	52,777	0	52,724,532	S 511
Merged Area Sch. 4th Qth.	13,776,507	14,129,593	14,129,593	0	0	14,129,593	H2484
MAS-State Vocational Aid	8,049,520	0	0	0	0	0	
Fire Service Education	140,377	0	0	0	0	0	
Non English Speaking	150,000	150,000	150,000	150	0	149,850	S 511
MAS-Carroll Service Area	0	0	250,000	0	250,000	0	S 511
MAS Aid Pers Prop Tax Cr	0	916,041	0	0	0	0	S 511
Gov Pers Prop Credit	0	-916,041	0	0	0	0	S 511
School Foundation Aid	762,300,000	815,133,252	815,133,252	815,133	0	814,318,119	
Trans. Of Nonpublic	6,105,525	6,105,525	6,105,525	6,106	0	6,099,419	
MAS-Standing Salaries	0	0	3,250,000	0	3,250,000	0	S 511
K-12 Aid Pers Prop Tax Cr	0	36,613,994	0	0	0	0	S 511
Gov Pers Prop Credit	0	-36,613,994	0	0	0	0	S 511
	848,774,798	904,642,417	905,168,315	887,538	3,500,000	900,780,777	
Vocational Rehabilitation							
Vocational Rehabilitation	2,696,461	2,696,461	2,696,461	2,696	0	2,693,765	S 511
Education Excellence Prog							
DOE Teacher Salary Admin.	0	250,000	0	0	0	0	S 511
Sac and Fox Indians	0	0	100,000	100	0	99,900	S 511
Foreign Language Programs	0	500,000	0	0	0	0	S 511
Talented and Gifted Prog.	0	150,000	0	0	0	0	S 511
Ed. Excellence Phase I	0	9,000,000	0	0	0	0	S 514
Ed Excellence Phase II	0	38,500,000	0	0	0	0	S 514
Ed Excellence Phase III	0	50,000,000	0	0	0	0	S 514
Ed Excellence All Phases	0	0	92,100,085	92,100	0	92,007,985	S 511
	0	98,400,000	92,200,085	92,200	0	92,107,885	
Education; Department Of	851,471,259	1,005,738,878	1,000,064,861	982,434	3,500,000	995,582,427	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Education							
Regents, Board Of							
Regents Board Office	461,203	483,370	463,370	483	0	482,887	S 511
University Of Iowa	127,495,487	128,316,205	130,619,205	130,619	0	130,480,586	S 511
Iowa State University	104,336,724	105,974,261	107,873,792	107,874	0	107,765,918	S 511
Univ. Of Northern Iowa	40,772,721	41,418,679	42,418,679	42,419	0	42,376,260	S 511
Iowa Braille School	2,762,492	2,632,055	2,632,055	2,632	0	2,629,423	S 511
Iowa School For The Deaf	4,078,884	4,669,620	4,669,620	4,670	0	4,664,950	S 511
SUI - Indigent Patient	25,153,434	25,529,058	25,529,058	25,529	0	25,503,529	S 511
SUI - Psychiatric Hosp.	5,688,643	5,770,862	5,770,862	5,771	0	5,765,091	S 511
SUI - Hygienic Lab	2,323,419	2,375,932	2,375,932	2,376	0	2,373,556	S 511
SUI - Hospital School	4,232,130	4,311,764	4,311,764	4,318	0	4,313,446	S 511
SUI - Oakdale Campus	2,380,335	2,422,797	2,422,797	2,423	0	2,420,374	S 511
SUI - Family Practice	1,446,022	1,449,437	1,449,437	1,449	0	1,447,908	S 511
SUI - SCHS	302,285	316,038	316,038	316	0	315,722	S 511
Eminent Scholar Prgm-LOT	0	3,750,000	0	0	0	0	S 511
Academic Challenge Prog	0	3,500,000	0	0	0	0	S 511
Regents Salary Improv.	2,000,000	0	0	0	0	0	
ISU - Rural Hotline	90,000	90,000	90,000	90	0	89,910	S 511
ISU - Hazardous Waste	50,000	0	0	0	0	0	
ISU - Agricultural Exper.	11,908,958	12,111,042	12,111,042	12,111	0	12,098,931	S 511
IS: - Cooperative Ext.	11,443,436	12,253,345	12,253,345	12,253	0	12,241,092	S 511
ISU - Water Resources	100,000	100,000	100,000	100	0	99,900	S 511
ISU - Fire Service Inst.	0	140,377	389,846	390	0	389,456	S 511
ISU - CIRAS/SBDC LOT	0	700,000	0	0	0	0	S 511
SUI - Ay. Health Project	0	0	60,000	60	0	59,940	S 511
ISU - CARD - LOT	0	500,000	0	0	0	0	S 511
ISU - Meat Export - LOT	0	500,000	0	0	0	0	S 511
ISU - Amorphous Silicon	2,000,000	0	0	0	0	0	
Tuition Replacement	17,291,054	17,412,000	16,220,946	16,221	0	16,204,725	S 511
Livestock Disease Res.	300,000	300,000	300,000	300	0	299,700	
ISD Clothing & Trans.	3,000	3,000	3,000	3	0	2,997	
IBSSS Clothing & Trans.	500	500	500	1	0	499	
Regents, Board Of	367,420,697	377,036,342	372,407,288	372,408	0	372,034,880	
Operations							
Grant and Aid	368,377,889	378,267,770	375,763,806	375,763	0	375,388,043	
Capitals	77,427,288	80,961,858	77,487,756	63,017	340,000	77,084,739	
Standings	17,612,754	18,912,000	16,220,946	16,221	0	16,204,725	
	790,524,027	946,235,233	943,193,028	939,944	3,250,000	939,003,084	
Education							
	1,253,941,958	1,424,376,861	1,412,665,536	1,394,945	3,590,000	1,407,680,591	

Leyislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987 =====	Governor FY 1988 =====	Approp. FY 1988 =====	.1% Reduction =====	Governor Veto =====	Net Approp. =====	Bill # =====
Health & Human Rights							
Civil Rights Commission							
Civil Rights Commission							
General Office	834,738	818,661	818,661	819	0	817,842	H 671
Elder Affairs, Dept Of							
Elder Affairs, Dept Of							
State Administration	284.119	526,242	335,001	335	0	334,666	H 671
Senior Legislature	12.953	12,953	12,953	13	0	12,940	H 671
Alzheimer's Support Prog	70.000	70,000	70,000	70	0	69,930	H 671
Area Agencies On Aging	114.248	114,248	114,248	114	0	114,134	H 671
Elderly Services Program	777,195	1,227,195	1,077,195	1,077	0	1,076,118	H 671
Retired Iowan Employment	104,865	104,865	104,865	105	0	104,760	H 671
R.S.V.P.	14.278	14,278	14,278	14	0	14,264	H 671
Elder Law Program	0	0	95,000	0	95,000	0	H 671
Elder Law - Mobile Center	75,000	0	0	0	0	0	H 671
Elder Affairs, Dept Of	1,452,658	2,069,781	1,823,540	1,728	95,000	1,726,812	
Health, Dept Of Public							
Health, Dept Of Public							
Central Administration	782.156	850,187	820,082	820	0	819,262	H 671
Professional Licensure	468,770	465,160	465,160	465	0	464,695	H 671
Health Planning Div	207,405	,343,068	1,340,695	1,341	0	1,339,354	H 671
Disease Prevention Oiv	,152,478	,586,163	1,581,738	1,582	0	1,580,156	H 671
Substance Abuse Div	523.582	477,511	477,511	478	0	477,033	H 671
Community Health Oiv	,623,649	0	0	0	0	0	H 671
Family & Community Health	1,559,950	2,124,353	2,147,108	2,147	0	2,144,961	H 671
Dental Examiners	114.848	115,848	115,848	116	0	115,732	H 671
Medical Examiners	628,282	834,648	834,648	835	0	833,813	H 671
Nursing Board	538,269	535,958	535,958	536	0	535,422	H 671
Pharmacy Examiners	362,865	372,995	372,995	373	0	372,622	H 671
Sexual Abuse Investigatn	55.014	55,014	0	0	0	0	H 671
SIQS Autopsies	14,278	14,278	14,278	14	0	14,264	H 671
Health Data Clearinghouse	0	0	250,000	250	0	249,750	H 671
Well, Elderly Clinics	205.957	411,914	380,957	381	0	380,576	H 671
Public Health Nursing	2,147,659	2,147,659	2,147,659	2,148	0	2,145,511	H 671
Homemaker	7,188,869	7,188,869	7,323,869	7,324	0	7,316,545	H 671
Substance Abuse Grants	6,931,123	6,931,120	6,931,120	6,931	0	6,924,189	H 671
Decentralized 08 (H&HR)	1,100,000	1,100,000	700,000	700	0	699,300	H 671
Health, Dept Of Public	25,605,154	26,554,745	26,439,626	26,441	0	26,413,185	

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Human Services							
Human Services, Dept. of							
Human Services, Dept. of							
General Administration	6,055,150	6,509,454	6,800,000	6,800	0	6,793,200	H 671
MH/MR/CMI Bill of Rights	109,000	0	0	0	0	0	
Commission Of Inquiry	1,000	1,000	1,000	1	0	999	
Non Resident Transfer MI	5,000	5,000	5,000	5	0	4,995	
Non Resident Commitment	70,000	70,000	70,000	70	0	69,930	
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	6,240,150	6,585,454	6,876,000	6,876	0	6,869,124	
Human Services, Dept. Of							
Community Services	24,064,154	28,781,396	29,000,000	29,000	0	28,971,000	H 671
Child Support Recoveries	1,021,642	1,012,845	1,000,000	1,000	0	999,000	H 671
Protective Services Add.	95,000	0	0	0	0	0	H 671
Clearinghouse for Support	0	698,064	690,000	690	0	689,310	H 671
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	25,200,796	30,492,305	30,690,000	30,690	0	30,659,310	
Juvenile Institutions							
Toledo Juvenile Home	3,074,543	3,138,904	3,138,910	3,139	0	3,135,771	H 671
Eldora Training School	5,237,291	5,330,290	5,331,090	5,331	0	5,325,759	H 671
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	8,311,834	8,469,194	8,470,000	8,470	0	8,461,530	
Veterans Homes							
Marshalltown Veteran Home	20,646,196	22,098,851	22,000,000	22,000	0	21,978,000	H 671
Mental Institutions							
Cherokee MH Institute	11,428,341	11,677,589	11,655,750	11,656	0	11,644,094	H 671
Clarinda MH Institute	6,049,684	6,153,226	6,131,750	6,132	0	6,125,618	H 671
Independence MH Institute	11,281,325	11,822,344	11,800,750	11,801	0	11,788,949	H 671
Mt. Pleasant MH Institute	6,261,363	6,433,765	6,411,750	6,412	0	6,405,338	H 671
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	35,020,713	36,086,924	36,000,000	36,001	0	35,963,999	
Hospital - Schools							
Glenwood Hospital School	29,898,339	32,065,699	31,753,500	31,754	0	31,721,746	H 671
Woodward Hospital School	25,635,172	26,408,355	26,096,500	26,097	0	26,070,403	H 671
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	55,533,511	58,474,054	57,850,000	57,851	0	57,792,149	
Enhanced MH/MR/DD Service							
Population Reduction Stdy	0	0	600,000	600	0	599,400	H 671
Service Coordination	0	0	1,456,400	0	1,456,400	0	H 671
D & E Services	0	0	198,600	0	198,600	0	H 671
Support Regional Boards	0	0	345,000	0	345,000	0	H 671
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	0	0	2,600,000	600	2,000,000	599,400	

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General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Justice System							
Attorney General							
Justice, Department Of							
General Office A.G.	3,365,703	3,458,000	3,500,000	3,500	0	3,496,500	H 671
Farmers Legal Assistance	250,000	250,000	250,000	0	250,000	0	H 671
Farm Mediation Services	150,000	300,000	300,000	300	0	299,700	H 671
Prosecutor Internships	48,308	47,000	45,000	45	0	44,955	H 671
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	3,814,011	4,055,000	4,095,000	3,845	250,000	3,841,155	
Prosecuting Attorney Trng							
Pros Att Training Council	84,037	74,400	85,000	85	0	84,915	H 671
Dispute Resolution	50,000	0	50,000	0	50,000	0	H 671
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	134,037	74,400	135,000	85	50,000	84,915	
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Attorney General	3,948,048	4,129,400	4,230,000	3,930	300,000	3,926,070	
Corrections, Department							
Corrections Cntrl Office							
Central Office	1,463,763	1,625,500	1,620,000	1,620	0	1,618,380	H 671
Jail Inspections	78,743	79,000	79,000	79	0	78,921	H 671
Substance Abuse Program	65,168	0	0	0	0	0	H 671
Fruit Trees	9,973	0	0	0	0	0	H 671
Fed Prisoners/Contracts	355,720	355,000	355,000	355	0	354,645	H 671
Inmate Tort Small Claims	0	0	1,500	2	0	1,498	H 671
County Confinement	60,298	68,200	65,000	65	0	64,935	H 671
OWL Facilities	833,006	1,200,700	0	0	0	0	H 671
Inmate Legal Services	0	0	25,000	0	25,000	0	H 671
Capitals Roof Repair	0	0	115,700	116	0	115,584	H 671
Parole Revoc Hearings	180,000	115,000	115,000	115	0	114,885	
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	3,054,671	3,443,400	2,376,200	2,352	25,000	2,348,848	
Corr. Training Academy							
Corrections Trng Center	326,504	288,000	285,000	285	0	284,715	H 671
Corr. - Community Based							
CBC General Operations	16,796,110	16,900,000	193,027	193	0	192,834	H 671
First District DDCS	0	0	2,759,258	2,759	0	2,756,499	H 671
Second District DDCS	0	0	2,246,339	2,246	0	2,244,093	H 671
Third District DDCS	0	0	1,308,630	1,309	0	1,307,321	H 671
Fourth District DDCS	0	0	1,197,967	1,198	0	1,196,769	H 671
Fifth District DDCS	0	0	4,083,254	4,083	0	4,079,171	H 671
Sixth District DDCS	0	0	2,786,983	2,787	0	2,784,196	H 671
Seventh District DDCS	0	0	2,384,845	2,385	0	2,382,460	H 671
Eighth District DDCS	0	0	1,140,397	1,140	0	1,139,257	H 671
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	16,796,110	16,900,000	18,100,700	18,100	0	18,082,600	
Corr. - Fort Madison							
Ft. Madison Inst.	16,182,751	16,490,000	16,392,254	16,392	0	16,375,862	H 671

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General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
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Justice System							
Corrections. Department							
Corr - Anamosa							
Anamosa Inst.	11,273,867	11,510,000	11,441,773	11,442	0	11,430,331	H 671
Corr. - Oakdale							
Oakdale Inst.	7,574,933	7,780,000	7,733,883	7,734	0	7,726,149	H 671
Corr - Newton							
Newton Inst.	1,979,459	2,005,000	1,993,115	1,993	0	1,991,122	H 671
Corr. - Mt Pleasant							
Mt Pleasant Inst.	8,486,098	8,620,000	8,568,904	8,569	0	8,560,335	H 671
Corr - Rockwell City							
Rockwell City Inst.	2,155,408	2,175,000	2,162,107	2,162	0	2,159,945	H 671
Corr. - Clarinda							
Clarinda Inst.	3,027,934	3,109,000	3,090,571	3,091	0	3,087,480	ti 671
Corr - Mitchel Iville							
Mitchellville Inst.	2,622,780	2,633,000	2,617,393	2,617	0	2,614,776	H 671
Corrections. Department	73,480,515	74,953,400	74,761,900	74,737	25,000	74,662,163	
Judicial Department							
Judicial Department							
Operations	52,809,767	54,000,000	55,800,000	0	0	55,800,000	H 671
Tort Liability Study	60,000	0	0	0	0	0	H 671
Indigent Defense	0	10,000,000	8,200,000	0	0	8,200,000	ti 671
Juv Victim Restit	0	0	115,000	0	0	115,000	H 671
Juvenile Represent	0	0	1,500,000	0	0	1,500,000	H 671
Jury and Witness Fees	150,000	0	0	0	0	0	H 355
Judicial Department	53,619,767	64,000,000	65,615,000	0	0	65,615,000	
Parole. Board Of							
Parole Board							
Parole Board	518,402	518,700	515,000	515	0	514,485	H 671
Operations	113,041,010	125,270,600	126,655,500	60,741	300,000	126,294,759	
Grant and Aid	17,745,722	18,215,900	18,235,700	18,210	25,000	18,192,490	
Capitals	0	0	115,700	116	0	115,584	
Standings	180,000	115,000	115,000	115	0	114,885	
Justice System	130,966,732	143,601,500	145,121,900	79,182	325,000	144,717,718	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Regulation							
Auditor Of State							
Auditor Of State	2,088,499	2,234,954	1,700,000	1,700	0	1,698,300	H 871
Campaign Fin Disclosure							
Campaign Finance Disc	168,205	168,505	168,000	168	0	167,832	H 671
Commerce, Department Of							
Administrative Services	0	1,307,841	180,000	180	0	179,820	H 671
Banking Division							
Banking Division - Ops	295,000	0	0	0	0	0	H 671
Credit Union Division							
Credit Union Division Ops	50,000	0	0	0	0	0	H 671
Gaming Division							
Gaming Division Ops	50,554	50,693	0	0	0	0	H 671
Insurance Division							
Insurance Division Ops	1,788,788	1,405,208	150,000	150	0	149,850	H 671
Professional Licensing							
Accountancy Bd	219,760	0	0	0	0	0	H 671
Architectural Examiners	43,321	0	0	0	0	0	H 671
Engineering Examiners	145,969	0	0	0	0	0	S 509
Landscape Architects	11,867	0	0	0	0	0	H 671
Real Estate Commission	156,204	0	0	0	0	0	H 671
Professional Licensing	0	625,779	628,900	629	0	628,271	H 671
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	577,121	625,779	628,900	629	0	628,271	
Utilities Division							
Utilities Division Ops	725,000	0	0	0	0	0	H 671
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Commerce, Department Of	3,486,463	3,389,521	958,900	959	0	957,941	
Employment Services, Dept							
Industrial Serv Div	985,928	0	1,060,000	1,060	0	1,058,940	H 671
Labor Services Div	1,692,028	0	1,708,000	1,708	0	1,706,292	H 671
Employment Services	0	2,650,050	0	0	0	0	H 671
Administrative Services	0	0	89,000	89	0	88,911	H 671
Workers Coinp-Peace Off	9,500	9,500	9,500	10	0	9,490	
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Employment Services, Dept	2,687,456	2,659,550	2,866,500	2,067	0	2,863,633	
Inspections And Appeals,							
Inspections And Appeals	2,746,225	3,333,210	3,197,500	3,198	0	3,194,302	H 671
Foster Care Review Board	132,405	135,893	177,000	177	0	176,823	H 671
Employment Appeals Board	30,503	29,408	29,400	29	0	29,371	H 671
Demonstration Waiver Proj	110,000	0	110,000	110	0	109,890	H2484
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Inspections And Appeals,	3,019,133	3,498,511	3,513,900	3,514	0	3,510,386	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Trails & Safety							
Law Enforcement Academy							
ILEA Operations	721,462	749,800	749,800	750	0	749,050	S 518
ILEA Jail Training	23,586	0	0	0	0	0	
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Law Enforcement Academy	745,048	749,800	749,800	750	0	749,050	
Public Defense, Dept. of							
Public Defense, Dept. of							
Public Defense	3,249,730	3,221,000	3,221,000	3.221	0	3,217,779	S 518
Disaster Serv. 911 Study	5,000	0	0	0	0	0	
War Orphans Education	14,278	15,200	15,200	15	0	15,185	S 518
Compensation & Expense	28,557	29,000	29,000	29	0	20,971	
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Public Defense, Dept. of	3,297,565	3,265,200	3,265,200	3.265	0	3,261,935	
Public Safety, Dept. of							
Public Defense, Dept. of							
Public Safety Admin.	1,804,467	1,927,000	1,957,800	1,958	0	1,955,842	S 518
Victim Compensation	49,827	37,370	0	0	0	0	S 518
Public Safety Commun.	2,587,576	2,612,000	2,612,000	2.612	0	2,609,988	S 518
Investigation, DCI	5,010,605	5,516,000	5,099,675	5.100	0	0	S 518
Pari-Mutuel Enforcement	236,257	180,900	180,900	181	0	180,719	S 518
Undercover Funds	189,816	300,000	0	0	0	0	S 518
Medical Examiner	31,551	30,800	0	0	0	0	S 518
Fire Marshal	1,105,733	1,138,500	1,138,500	1,139	0	1,137,361	S 518
Capitol Security	792,389	808,500	808,500	809	0	807,691	S 518
AF15 Fingerprint Comp.-LO	0	500,000	0	0	0	0	S 518
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Public Safety, Dept. of	11,808,221	13,051,070	11,797,375	11,799	0	11,785,576	
Transportation, Dept. of							
Transportation, Dept. of							
Rail And Water Division	620,000	557,000	0	0	0	0	S 518
Operations	16,427,999	17,078,870	15,768,175	15,770	0	15,752,405	
Grant and Aid	14,278	15,200	15,200	15	0	15,185	
Capitals	0	500,000	0	0	0	0	
Standings	28,557	29,000	29,000	29	0	28,971	
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Trans. & Safety	16,470,834	17,623,070	15,812,375	15,814	0	15,796,561	
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Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Other Funds							
Agriculture & Land Stewar							
Agriculture & Land Stewar							
Dairy Trade Practices	78,945	86,321	86,321	0	0	86,321	S 511
Commercial Feed	791,673	801,746	801,746	0	0	801,746	S 511
Pesticide Fund	453,813	464,835	1,207,502	0	0	1,207,502	S 511
Fertilizer Fund	829,385	847,026	1,264,276	0	0	1,264,276	S 511
Unclaimed Pari. Winnings	78,175	77,000	112,000	0	0	112,000	S 511
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Agriculture & Land Stewar	2,231,991	2,276,928	3,471,845	0	0	3,471,845	
Attorney General							
Consumer Advocate							
Utilities Division Revolv	892,000	835,000	1,154,475	0	0	1,154,475	H 671
College Aid Commission							
Guar Student Loan Admin							
	2,167,767	2,126,034	2,126,034	0	0	2,126,034	S 511
Guar Loan Consolidation	0	0	375,000	0	0	375,000	S 511
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College Aid Commission	2,167,767	2,126,034	2,501,034	0	0	2,501,034	
Commerce, Department Of							
Commerce Commission							
Administrative Services							
	0	0	1,300,000	0	0	1,300,000	H 671
Alcohol Beverage							
Alcohol Beverage Div Rev							
	16,542,711	3,937,135	3,587,000	0	0	3,587,000	H 671
Banking Division							
Banking Division Rev							
	4,402,378	4,523,224	4,623,000	0	0	4,623,000	H 671
Credit Union Division							
Credit Union Div Rev							
	606,619	688,130	688,000	0	0	688,000	H 671
Insurance Division							
Insurance Division Rev							
	1,589,350	1,616,851	3,071,000	0	0	3,071,000	H 671
Savings & Loan Division							
Savings & Loan Div Rev							
	345,000	246,501	246,000	0	0	246,000	H 671
Utilities Division							
Utilities Division Rev							
	4,827,875	4,207,955	4,207,000	0	0	4,207,000	H 671
Inspections And Appeals							
Road Use Tax Fund							
	326,000	326,000	326,000	0	0	326,000	H 671
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Commerce, Department Of	28,639,933	15,545,796	18,048,000	0	0	18,048,000	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987 =====	Governor FY 1988 =====	Approp. FY 1988 =====	.1% Reduction =====	Governor Veto =====	Net Approp. =====	Bill # =====
Other Funds							
General Services, Oept							
General Services Printing							
Centralized Printing Fund	728,941	743,986	743,986	0	0	743,986	S 511
Gen. Serv. Vehicle Oisp.							
Vehicle Dispatcher Revo v	446,105	439,926	439,926	0	0	439,926	S 511
General Services							
Centralized Purch. Revo v	460,269	470,850	470,850	0	0	470,850	S 511
General Services, Dept	1,635,315	1,654,762	1,654,762	0	0	1,654,762	
Health, Oept <i>Of</i> Public							
Sexual Abuse Investigatns	0	0	55,000	0	0	55,000	H 671
Law Enforcement Academy							
Law <i>Enf</i> Reimbursement Fd.	0	0	63,200	0	0	63,200	S 518
Natural Resources, Depart							
Natural Resources							
Fish And Wildlife Trust	13,462,632	13,769,023	13,769,023	0	0	13,769,023	S 511
Boat Registration Fees	906,610	950,000	950,000	0	0	950,000	S 511
Snowmobile Registration	67,000	145,000	145,000	0	0	145,000	S 511
Oil Overcharge Fund (exx)	13,700,000	8,430,000	4,125,000	0	0	4,125,000	S 517
Oil Overcharge Fund (amo)	0	430,000	1,375,836	0	0	1,375,836	<u>S 517</u>
Marine Fuel Tax Fund	474,100	497,179	497,179	0	0	497,179	<u>S 511</u>
Oil Overcharge Fund (str)	0	7,360,000	8,510,000	0	0	8,510,000	S 517
Groundwater Protect Fund	0	0	10,918,600	0	0	10,918,600	
Natural Resources, Depart	28,610,342	31,581,202	40,290,638	0	0	40,290,638	
Personnel, Department of							
Personnel, Dept. of							
Pers Fund	1,815,836	2,018,045	2,124,435	0	0	2,124,435	S 511
Public Safety, Dept. of							
Law <i>enf</i> Reimbursement Fd.							
Road Use Tax Fund	0	0	900,000	0	0	900,000	S 518
Road Use Tax Fund	0	0	565,918	0	0	565,918	S 511
Road Use Tax Fund	18,443,361	19,256,000	20,192,000	0	0	20,192,000	S 518
Public Safety, Dept. <i>of</i>	18,443,361	19,256,000	21,657,918	0	0	21,657,918	
Revenue and Finance, Dept							
Revenue Department							
M.V F.T. Unapportioned	863,351	852,676	977,676	0	0	977,676	S 511
Lottery Division Oper							
Lottery Fund	943,951	7,458,628	7,458,628	0	0	7,458,628	S 511
Revenue and Finance, Dept	1,807,302	8,311,304	8,436,304	0	0	8,436,304	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987 =====	Governor FY 1988 =====	Approp. FY 1988 =====	.1% Reduction =====	Governor Veto =====	Net Approp. =====	Bill # =====
Other Funds							
Transportation, Dept. of							
State Aviation Fund	269,208	276,548	311,548	0	0	311,548	\$ 518
Primary Road Fund	139,659,947	143,669,680	142,668,180	0	0	142,668,180	\$ 518
Primary Road Fund	0	0	2,159,713	0	0	2,159,713	\$ 511
Road Use Tax Fund	0	0	296,045	0	0	296,045	\$ 511
Road Use Tax Fund	16,816,745	17,543,573	19,100,023	0	0	19,100,823	\$ 518
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Transportation, Dept. of	156,745,900	161,489,801	164,536,309	0	0	164,536,309	
Iowa Plan *							
Agriculture & Land Stewar							
Ag-Loan Assistance Prgm	0	5,000,000	0	0	0	0	\$ 515
Public/private prtnershps	0	0	300,000	0	0	300,000	\$ 515
World Ag Expo Assistance	0	0	100,000	0	0	100,000	\$ 515
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	0	5,000,000	400,000	0	0	400,000	
Justice, Department Of							
Office Automation	325,000	0	0	0	0	0	\$ 515
Cultural Attairs							
Cultural Community Grants	250,000	175,000	675,000	0	0	675,000	\$ 515
Economic Development, Dep							
Product Development Corp.	2,000,000	2,000,000	1,500,000	0	0	1,500,000	\$ 515
Iowa Conservation Corps	1,000,000	400,000	750,000	0	0	750,000	\$ 515
Ed/Ag Research Grants(1)	10,750,000	3,500,000	7,000,000	0	0	7,000,000	\$ 515
Comm tcon Betrmt Grants	10,000,000	10,000,000	10,000,000	0	0	10,000,000	\$ 515
Tourism Centers	0	425,000	2,000,000	0	0	2,000,000	\$ 515
Satellite Centers(2)	1,773,000	750,000	1,125,000	0	0	1,125,000	\$ 515
Procurement Office	108,000	100,000	100,000	0	0	100,000	\$ 515
Main Street Program	293,000	275,000	275,000	0	0	275,000	\$ 515
Small Bus Resrch Grnts(3)	0	250,000	250,000	0	0	250,000	\$ 515
Business Incubators	341,000	0	300,000	0	0	300,000	\$ 515
Tourism and Marketing	05,000	0	0	0	0	0	
Small Bus Loan Guarantees	200,000	0	0	0	0	0	\$ 515
Labor Mangmt Councils(4)	0	125,000	125,000	0	0	125,000	\$ 515
Ambassador Pruyram	0	500,000	0	0	0	0	\$ 515
Export Finance Program	0	500,000	0	0	0	0	
Grain Quality Program	0	100,000	0	0	0	0	
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	26,550,000	18,925,000	23,425,000	0	0	23,425,000	
Education, Dept. Of							
766-Sm. Bus. Job Training	0	0	1,000,000	0	0	1,000,000	\$ 515
Equipment Purchases	1,000,000	0	1,000,000	0	0	1,000,000	\$ 515
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	1,000,000	0	2,000,000	0	0	2,000,000	
College Aid Commission							
Summer Institutes(5)	1,000,000	0	550,000	0	0	550,000	\$ 515
Forgivable Loan Program	750,000	0	0	0	0	0	\$ 515
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	1,750,000	0	550,000	0	0	550,000	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Other Funds*							
Iowa Plan							
General Services							
Capitol Renovation(6)	0	1,000,000	2,000,000	0	0	2,000,000	\$ 515
Historical Building	0	1,500,000	750,000	0	0	750,000	\$ 515
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	0	2,500,000	2,750,000	0	0	2,750,000	
Peace Institute							
Peace Institute	0	0	250,000	0	0	250,000	\$ 515
Public Safety. Department							
Computer Equipment	400,000	500,000	0	0	0	0	
Human Services. Dept. of							
Child Support Computer	350,000	0	0	0	0	0	
Legislative Council							
World Trade Adv. Comm.	125,000	0	0	0	0	0	
Natural Resources							
Recreation/land Grants	2,500,000	750,000	2,000,000	0	0	2,000,000	\$ 515
Public Defense, Dept. of							
Algona armory	0	0	50,000	0	0	50,000	\$ 515
Dennison armory	0	0	50,000	0	0	50,000	\$ 515
Mason City armory	438,000	0	0	0	0	0	\$ 515
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	438,000	0	100,000	0	0	100,000	

Legislative Fiscal Bureau

General Fund Appropriations

	Estimated FY 1987	Governor FY 1988	Approp. FY 1988	.1% Reduction	Governor Veto	Net Approp.	Bill #
	=====	=====	=====	=====	=====	=====	=====
Other Funds							
Iowa Plan *							
Regents, Board Of							
Eminent Scholar Program	0	3,750,000	0	0	0	0	\$ 515
ISU-Small Bus. Dev Cntrs	700,000	700,000	825,000	0	0	825,000	\$ 515
ISU-Water research Inst.	0	0	150,000	0	0	150,000	\$ 515
ISU-Hazardous Waste Study	100,000	0	0	0	0	0	
Center for Ag. Rural Dvlp	0	500,000	0	0	0	0	
Meat Export Program	0	500,000	0	0	0	0	
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	800,000	5,450,000	975,000	0	0	975,000	
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Iowa Plan *	34,488,000	33,300,000	33,125,000	0	0	33,125,000	
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Other Funds	277,477,747	278,394,872	297,118,920	0	0	297,118,920	
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* Note: Estimated FY 1987 funds represents appropriated funds. Actual funds allocated to the agencies will be less than the amounts appropriated due to FY 1987 lottery sales.

1. FY 1988 appropriation includes \$4,250,000 for bio-tech research and 3500.000 for agricultural product development at Iowa State University and \$250.000 for the Decision Making Institute at University of Northern Iowa.
2. FY 1988 appropriation includes \$190,000 for rural development programs.
3. FY 1988 appropriation includes \$50,000 for development of a small business information center.
4. FY 1988 appropriation are funds carried Forward from FY 1987 allocation to Legislative Council for World Trade Advisory Committee.
5. FY 1988 appropriation are estimated funds carried forward from FY 1987 allocation to College Aid Commission for forgivable loan program.
6. For Fv 1988, the Governor vetoed language that would have designated funds for construction of legislative offices.

APPROPRIATIONS SUMMARY

FEDERAL GRANTS AND RECEIPTS

H.F. 671, S.F. 511, and S.F. 518 provide a mechanism for agencies to deal with federal grants, receipts and FTE positions.

ONE TENTH OF ONE PERCENT REDUCTION FOR ALL STATE AGENCIES

H.F. 671

Sec. 441

This Section cuts all appropriations, including Standing Appropriations, during FY 1988 by .1%. The reduction does not affect the Judicial or Legislative branches of state government.

AGRICULTURE AND LAND STEWARDSHIP, DEPARTMENT OF

Administrative Division

S.F. 511

Sec. 201.1

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,473,930	1,354,261	944,205
FTE	52.24	51.24	41.74

This appropriation is for salaries and support of not more than 41.74 FTE positions, and for maintenance and miscellaneous purposes of the Administrative Division. Legislative action reflects transfers out of the Horticulture Bureau (-\$401,585, -11 FTE positions) and the Sheep Promotion Bureau (-\$51,440, -1.5 FTE positions) to the Farm Commodity Division, a reduction of general funds for the Crop and Livestock Reporting Service (-\$90,951), and an increase over the Governor's FY 1988 recommendation of \$134,000 (+3 FTE positions). Legislative action reflects a 30.3% reduction from the Governor's recommendation and a 35.9% reduction from the FY 1987 appropriation.

This Subsection authorizes transfers of up to \$45,417 from the Fertilizer Fund, \$86,321 from the Dairy Trade Practice Fund, and \$45,417 from the Commercial Feed Fund to the Administrative Division.

Agricultural Export Trading Company

Sec. 210

ITEM This Section provides a supplemental FY 1987 appropriation of \$250,000 for establishing the Iowa
VETO Agricultural Export Trading Company.

Funds appropriated under this Section may be used for salaries and support for not more than 4 FTE positions. These FTE positions are included in the Farm Commodity Division total in Section 201.2(a) of this Act.

The funds appropriated in this Section shall not revert at the end of FY 1987 but shall revert upon

successful completion of the public stock offering of the Iowa Agricultural Export Trading Company as required by S.F. 274.

Agricultural Loan Assistance Program

Section 20 provides a supplemental FY 1987

ITEM appropriation of \$5,000,000 to the Iowa
VETO Agricultural Development Authority for the Agricultural Loan Assistance Programs. This appropriation shall not revert at the end of FY 1987. Not more than \$150,000 shall be used for general administration, including salaries, support, maintenance, and miscellaneous purposes of the Agricultural Development Authority. Not more than 50% of the funds appropriated shall be committed for grants pursuant to agreements under Section 175.35, Code of Iowa, entered into on or after April 1, 1987 but before October 1, 1987. Not more than 50% of the funds appropriated shall be committed for assistance, training, and management programs for agricultural producers under the program established in H.F. 626.

Agriculture Marketing Oversight

Sec. 201.6

ITEM This Section includes language stating that the
VETO Agricultural Marketing Program of the Department of Agriculture and Land Stewardship conform its operations to the mission, goals and objectives provided in this Section and collect information pertaining to the performance measures developed by the Legislative Fiscal Bureau.

Farm Commodity Division

Sec. 201.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
8	242,356	252,817	705,842
FTE	6.00	6.00	23.50

This appropriation is for salaries and support of not more than 23.5 FTE positions, and for maintenance and miscellaneous purposes of the Farm Commodity Division. Legislative action reflects transfers in of the Horticulture Bureau (\$401,585, 11 FTE positions) and the Sheep Promotion Bureau (\$51,440, 1.5 FTE positions) from the Administrative Division. Legislative action reflects a 179.2% increase from the Governor's recommendation and 191.2% increase from the FY 1987 appropriation.

Of the amount appropriated to the Farm Commodity Division, \$346,379 shall be used to continue the agricultural diversification programs enacted by the 71st General Assembly.

Farmer's Market Food Coupon Program

Sec. 209

This Section reallocates \$15,000 of the FY 1987 appropriation for the Horticulture Division for use by the Department to conduct a pilot project providing Federal Special Supplement Food Program recipients with coupons redeemable at farmers markets.

Horse and Dog Breeders Program

Sec. 202

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	78,175	77,000	112,000
FTE	2.00	2.00	3.00

This Section appropriates unclaimed pari-mutuel winnings for not more than 3 FTE positions for administration of the Horse and Dog Breeders Program. Legislative action reflects a 45% increase over the Governor's recommendation and a 43% increase over the FY 1987 appropriation.

Iowa Grain Quality Program

Sec. 211

ITEM VETO This Section provides a supplemental FY 1987 appropriation of \$125,000 for startup funding for the Iowa Grain Quality Program. Funds appropriated in this Section may be used for salaries and support for 1 FTE position. Unobligated or unencumbered funds shall not revert to the general fund at the end of FY 1987.

Iowa State Fair Authority

Sec. 225-235

This Section establishes the Iowa State Fair Authority as a public instrumentality of the state; authorizes the Authority to negotiate, issue and invest bonds and notes; requires the Authority to publish the intention and issuance of bonds; requires reports to be filed with the Governor, the Secretary of State, and the General Assembly; eliminates the State and the Fair Board from bond liability; exempts the State Fair from uniform state purchasing procedures; and requires a study of State Fair relocation.

Laboratory Division

Sec. 201.4

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	565,138	593,578	593,578
FTE	92.00	92.00	92.00

This appropriation is for salaries and support of not more than 92 FTE positions and for miscellaneous purposes. The FY 1988 legislative action coincides with the Governor's FY 1988 recommendation and reflects a 5% increase over the

FY 1987 appropriation

This Subsection authorizes transfers of up to \$756,329 from the Commercial Feed Fund, 8464.835 from the Pesticide Fund, and \$801,609 from the Fertilizer Fund to the Laboratory Division.

Multifloral Rose Eradication Cost Reimbursement

Sec. 203

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	60,000	0	60,000

This Section appropriates funds for the partial reimbursement of agricultural landowners or tenants for the cost of herbicide to control Multifloral Rose. Legislative action reinstates the FY 1987 appropriation level. Not more than 5% of the funds appropriated under this Section shall be used for administrative purposes.

Regulatory Division

Sec. 201.3

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	3,503,606	3,519,884	3,519,884
FTE	147.00	147.00	147.00

This appropriation is for salaries and support for not more than 147 FTE positions and for maintenance and miscellaneous purposes. Legislative action reflects a .5% increase over the FY 1987 appropriation.

Soil Conservation Cost Share

Sec. 201.5c

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	6,546,519	6,548,519	6,546,519

This appropriation provides financial incentives for soil conservation practices.

Requirements

Sec. 201.5d

Section 201.5(d) outlines 7 requirements that apply to the funds appropriated in Subsection 5(c) of this Section: 1) not more than 5% may be allocated for cost sharing to abate complaints filed under Sections 467A.47-48. Code of Iowa; 2) not more than 10% may be allocated for financial incentives not exceeding 75% of the approved cost of permanent soil conservation practices on watersheds above publicly-owned lakes; 3) financial incentives not exceeding 60% of the cost of permanent soil conservation practices may be allocated for special watershed practices or summer construction

incentives; 4) except for the allocations subject to Subparagraphs 1, 2, and 3, these funds shall not be used alone or in combination with other public funds to provide a financial incentive payment greater than 50% of the approved cost for voluntary permanent soil conservation practices and priority shall be given to family-operated farms; 5) funds may be allocated to conduct research and demonstration projects to promote conservation tillage and nonpoint sources pollution control practices; 6) not more than 30% of a district's allocation may be used for the establishment of management practices to control soil erosion on land that is now row cropped; and 7) financial incentive payments may be used in combination with Department of Natural Resource funds.

Soil Conservation Operations

Sec. 201.5a-b

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	3,727,876	4,155,747	4,269,334
FTE	183.05	182.05	188.05

This appropriation is for the salaries and support of not more than 188.05 FTE positions, and for assistance to Soil Conservation Districts and miscellaneous purposes. This appropriation includes 3303,436 for Soil Surveys. Legislative action reflects a 2.7% increase over the Governor's recommendation and a 5.9% increase over the FY 1987 appropriation including the amount for Soil Surveys.

The FTE positions authorized in this Section include 4 FTE positions for projects authorized in H.F. 631 regarding agricultural drainage wells and sinkholes.

AUDITOR OF STATE

Audit Costs
H.F. 671

Sec. 422

This Section allows the State Auditor to request additional funding from the Department of Management based on the cost of audits in progress. Upon receiving payment for completed audits the State Auditor is required to credit the payments to the State treasury.

General Office

Sec. 401

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,088,499	2,234,954	1,700,000
FTE	81.00	81.00	114.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Office. The legislative action represents a 23.9% decrease from the Governor's recommendation. The legislative action requires the State Auditor to bill certain state agencies and retain those funds to complete all prior year audits during FY 1988 and authorizes the State Auditor to add 33 FTE positions (7 FTE positions currently authorized, but not funded, and 26 new FTE positions) for a 1 year period to complete all prior year audits.

CAMPAIGN FINANCE DISCLOSURE COMMISSION

H.F. 671

Sec. 402

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	168,205	168,505	168,000
FTE	4.00	4.00	4.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes of the General Office.

CIVIL RIGHTS COMMISSION

H.F. 671

Sec. 101.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
3	834,738	818,661	818,661
FTE	23.00	31.00	31.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Civil Rights Commission.

Legislative Oversight

Sec. 101.2-4

Legislative Oversight language is included in these ETEY Sections, including a statement that legislative VETO oversight shall not be grounds for legislative action against the Civil Rights Commission, nor shall it serve as a defense in any civil rights case.

COLLEGE AID COMMISSION

Accredited Private Institutions

S.F. 511

Sec. 455

This Section allows private institutions of higher learning to meet Iowa Tuition Grant requirements if they meet at least 13 general institutional requirements of the North Central Association of Colleges and Secondary Schools by July 1, 1988, and candidacy status requirements by July 1, 1989.

College Work Study Program

Sec. 463

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	1,000,000	2,150,000

Legislative action funds an Iowa Work Study Program similar to the federal College Work Study Program. This Program increases the availability of part-time employment for students who need help financing their education. State funds will provide 80% of the program costs and will be matched by an employer contribution of 20%. This Section requires that the first \$1,150,000 be allocated to the Regents and Area Schools. The next \$1,000,000 shall be allocated by the College Aid Commission to public and private schools on the basis of need as determined by the Federal work study formula.

General Office

Sec. 402.1

	FV 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	296,479	254,309	264,309
FTE	5.20	5.20	5.20

This Subsection appropriates funds for the Iowa College Aid Commission to serve the needs of the Iowa postsecondary students and institutions by efficient performance of the following functions: (1) Administration of the student financial aid programs; (2) Administration of the Guaranteed Student Loan Program and the Parent Loans to Undergraduate Students (PLUS) Program; (3) Compilation and dissemination of statistical data on Iowa postsecondary education; (4) Administration of the subvention program; (5) Supervision of repayments and cancellations of loans under the Iowa Medical Tuition Loan Plan, a state program discontinued in 1973; and (6) Administration of the Summer Institute Program. Legislative action represents a \$32.170 (10.8%) decrease from FY 1987.

Guaranteed Loan Payment

Sec. 460

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	57.690	85,000	85,000

This Program provides up to \$1,000 per year for up to 6 years for Iowa teachers having Guaranteed Student Loans who are teaching math or science in an Iowa high school. The Program encourages students to enter the field of science and/or mathematics education by assisting them in repaying their Iowa Guaranteed Student Loans. Approximately

80 Iowa teachers are receiving assistance this year. The Governor's recommendation and legislative action represent a \$27.310 (47.3%) increase over the FY 1987 funding level.

Guaranteed Student Loan

Program Administration

Sec. 404.1

Funds from the Guaranteed Student Loan Reserve Fund are appropriated for the administration of this Program. There is appropriated \$2,126,304 for the operation of the Guaranteed Student Loan Program. The Loan Reserve Fund is estimated to be \$25,000,000 for FY 1988 and consists of loan origination fees, interest, and federal funds.

Consolidation Pilot Program

Sec. 404.2

Use of funds from the Guaranteed Student Loan Reserve Fund are authorized for a pilot program to enter into agreements with student lenders to provide loan consolidation services to borrowers. There is authorized \$375,000 to be expended from the reserve fund to meet the expense of consolidation of an estimated \$150,000,000 in loans.

Default Rates

Sec. 459

This Section requires that the College Aid Commission to provide lenders, postsecondary institutions, and borrowers, which the Commission determines could benefit, with information on the default rates of borrowers by institution.

Occupational Therapist Education Program

Sec. 402.2, 454.461

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	0	30,000

ITEM VETO

These Sections appropriate \$30,000 for the establishment of the Occupational Therapy Scholarship and Loan Repayment Program. This Program allows an Iowa resident to apply for a reimbursement of \$4,000 per year for up to 2 years of a Guaranteed Student Loan or the Parent Loans to Undergraduate Students Program. They can qualify for this reimbursement if they are an Iowa resident employed as an Occupational Therapist as certified by the Board of Physical and Occupational Therapy Examiners.

Osteopathic Subvention Program

Sec. 403, 457

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	725,410	825,410	725,410

Funds are appropriated for the Osteopathic Subvention Program. This Program provides a state subsidy to the university of Osteopathic Medicine and Health Sciences for the education of Iowa residents. This Section provides an exemption from the requirement that at least 30% of the students enrolled at the University of Osteopathic Medicine be Iowa residents. Legislative action represents a return to the FY 1987 funding level. Section 457 of this Act requires that Iowa residents be given a \$3,000 reduction in tuition.

Science/Mathematics Loan

Sec. 413

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recormn.</u>	<u>Leg. Action</u>
8	67,305	50,000	50,000

This Program provides cancelable loans to teachers to obtain or upgrade science or math teaching authorizations. Approximately 70 candidates receive assistance each year. The Governor's recommendation and legislative action represent a \$17,305 (25.7%) decrease from the FY 1987 funding level. This funding level is estimated to be adequate to fully fund all requests for these grants.

State Scholarship Program

Sec. 458.2

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
8	336,525	566,400	400,000

The State Scholarship Program offers need based grants to outstanding high school graduates who generally rank in the top 6% of their graduating class. Legislative action represents a \$63,475 (18.9%) increase over FY 1987.

State Scholarship/Supplemental Grant Program Options

Sec. 422

This Section requires that the College Aid Commission study the feasibility of implementing a program which would combine the State Scholar Program and the Supplemental Grant Program. The Commission shall report their findings to the co-chairpersons and rankiny members of the Education Appropriations Subcommittee by November 1, 1987.

Supplemental Grant Program

Sec. 462

	FV 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	900,000	1,000,000	800,000

Legislative action reduces the funding by \$100,000 from the FY 1987 funding level. This Program provides supplemental grants of up to \$500 to students who have completed at least eight units of high school science and mathematics. At least four of the required units must include chemistry, physics, or advanced mathematics. The average grant has risen from 8167 to \$260. There are 3,800 qualified students who are receiving approximately half of the \$500 legislative maximum.

Tuition Grant Program

Sec. 458.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recotnm.</u>	<u>Leg. Action</u>
\$	20,733,084	24,819,084	24,319,084

The Tuition Grant Program offers need-based grants to Iowa res dents enrolled inprivate postsecondary institutions in the state. Each year approximately 10,000 Iowans receive awards of up to \$2,350. The Program permits Iowans to attend private institutions by offsetting a portion of the higher tuition and fee charges. Legislative action represents a \$3,586,000 (17.3%) increase in funding from the FY 1987 level.

Vocational-Technical Grants

Sec. 415

	FV 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
3	646,582	672,472	646,582

This Program offers financial aid to students enrolled in vocational-technical education courses at Iowa Area Schools. Each year approximately 3,300 vocational-technical students receive awards of up to \$450. The Program, which is supplemented with federal student incentive grant funds, assists needy Iowans to obtain employment-related training.

Career Option Students

Sec. 456

This Section extends the Vocational-Technical Grants to career option students.

COMMERCE. DEPARTMENT OF

Administrative Services Trust Fund Created

H.F. 671

Sec. 439

This Section establishes the Administrative Services Division **Trust Fund.**

Administrative Services Division

Sec. 409

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	0	1,300,000
FTE	0.00	0.00	47.00

The legislative action appropriates funding from the Administrative Services Trust Fund for salaries, support, maintenance and miscellaneous purposes of the Administrative Services Division. The Governor's recommendation is from the general fund (\$1,307,841).

Sec. 410.1

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,564,818	1,307,841	180,000
FTE	58.00	47.00	0.00

Legislative action eliminates the general fund appropriation for the Administrative Services Division of the Department of Commerce and establishes a trust fund for the Division. This general fund appropriation is for startup funding for the Administrative Services Division Trust Fund. The Governor's recommendation did not create an Administrative Services Trust Fund.

Alcoholic Beverages Division

Sec. 411

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	16,542,711	3,937,135	3,587,000
FTE	581.50	93.16	93.16

This appropriation is from the Beer and Liquor Control Fund and is for salaries, support, maintenance and miscellaneous purposes of the Alcoholic Beverages Division. The legislative action eliminates the funding for the lease-purchase of cash registers at the state retail liquor stores (\$350,000). provides language requiring the Alcoholic Beverages Division to transfer from the Beer and Liquor Control Fund an amount which represents the Division's share (\$916,797) of the actual cost of consolidating administrative services within the Department of Commerce and provides language allowing the Division to expend additional funds. if those additional expenditures are actual expenses which are required to accomplish an orderly and efficient transition to a system of private liquor sales, subject to the approval of the Department of Management.

Banking Division

Sec. 412

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	4,402,378	4,523,224	4,623,000
FTE	118.00	116.50	118.50

This appropriation is from the Banking Division Trust Fund and is for salaries, support, maintenance and miscellaneous purposes of the Banking Division. The legislative action represents a 2.2% increase over the Governor's recommendation. Legislative action added 839.302 for the first phase of the salary upgrading program for Bank Examiners. and \$61,995 for 1 Auditor and 1 Bank Examiner to examine bank holding companies. which are currently not examined, and provides language requiring the Banking Division to transfer from unappropriated trust funds to the Administrative Services Trust Fund (\$39,235) which represents the Division's share of the actual cost of consolidated administrative services within the Department of Commerce. Legislative action allows the Banking Division to expend additional funds. if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and the Department of Management approves the additional expenditure. The Division may exceed its FTE positions cap for exantination purposes only.

Sec. 435

This Section reduces the annual transfer front the Banking Division Trust Fund to the general fund from \$100,000 to \$60,000 annually.

Credit Union Division

Sec. 413

	FY 1987	FY 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	606,619	688,130	688,000
FTE	18.00	18.00	18.00

Funds are appropriated from the Credit Union Trust Fund to the Credit Union Division of the Department of Commerce for salaries, support, maintenance and miscellaneous purposes. Legislative action provides language requiring the Credit Union Division of the Department of Commerce to transfer to the Administrative Services Division Trust Fund an amount which represents the Division's share (\$8,303) of the actual cost of consolidating administrative services within the Department of Commerce, exempts the Credit Union Division from the Department of Management's quarterly allocation recapture procedure, and provides language allowing

the Credit Union Division to expend additional funds. if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and the Department of Management approves the additional expenditure. The Division may also exceed their FTE positions cap for examination purposes only.

Sac. 436

This Section reduces the annual transfer from the Credit Union Division Trust Fund to the general fund from 840,000 to \$30,000 annually.

Gaming Division

Sec. 438

This Section deletes the Gaming Division from the Department of Commerce.

Insurance Division

Sec. 415

	FY 1987 Approp.	FV 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,589,350	1,616,851	3,071,000
FTE	89.69	41.00	84.83

The legislative action appropriates funding from the Insurance Division Trust Fund for both the examination and nonexamination functions of the Insurance Division. The Governor's recommendation funds the examination function from the trust fund and the nonexamination functions from the general fund. The legislative action added \$50,000 for 2 Actuaries (1 FTE fellow and .5 FTE associate) and .5 FTE secretarial support to upgrade the review of insurance rates and forms within the insurance industry. The legislative action recommended a total of services which compares to the Governor's recommendation of \$100,000, and which requires the Insurance Division to transfer from unappropriated trust funds to the Administrative Service Trust Fund, an amount which represents the Division's share (\$52,314) of the actual costs of consolidating administrative services within the Department of Commerce. Legislative action provides language exempting the Insurance Division from the Department of Management's quarterly allocations recapture procedure, allows the Insurance Division to expend additional funds, if expenditures for examinations exceed the amount budgeted and the Department of Management approves the additional expenditure and requires all prearranged funeral plans fees collected (\$97,000) by the Insurance Division to be used for the administration of Chapter 523A, Code of Iowa. These funds are not subject to the nonexamination fee transfer to the general fund. The Division may exceed the FTE positions cap for examination purposes only.

Sec. 434

This Section requires the Insurance Division to

administer Chapter 523C, Code of Iowa, relating to residential service contracts. The Division is allowed to collect fees.

Complaints

Sec. 410.6

ITEM This Section establishes the goals and objectives for the Complaints Unit of Insurance Division of VETO the Department of Commerce.

Non Examination

Sec. 410.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,788,788	1,405,208	150,000
FTE	0.00	43.33	0.00

This appropriation provides startup funding for the Insurance Division Trust Fund for the nonexamination functions of the Insurance Division. The legislative action eliminates the general fund appropriation and appropriates funding from the Insurance Division Trust Fund. The Governor's recommendation maintains the general fund appropriation. Legislative action provides language requiring the Insurance Division to transfer 55% of the nonexamination revenues (\$1,925,000) received for FY 1988 to the general fund and also allows the Insurance Division to expend amounts that exceed the 45% remaining in the trust fund to computerize the Division. The amount spent on computerization cannot exceed \$98,000.

Rates/Forms

Sec. 410.5

ITEM This Section establishes the goals and objectives for the Rates and forms Unit of the Insurance VETO Division of the Department of Commerce.

Trust Fund

Sec. 433

This Section requires all insurance fees to be deposited in the Insurance Division Trust Fund.

Professional Licensing Division

Sec. 410.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	577,121	625,779	628,900
FTE	9.49	9.00	9.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes for the Professional Licensing Division. Legislative action provides language allowing the Architectural Examining Board, Landscape Architectural Examining Board, and the Engineering and Land Surveying Examining Board to expend additional funds. if

expenditures for examinations exceed the amount budgeted and the Department of Management approves the additional expenditure; and provides language requiring the Professional Licensing Division of the Department of Commerce to transfer to the Administrative Services Division Trust Fund, an amount which represents the Division's share (\$3,121) of the actual cost of consolidating administrative services within the Department of Commerce.

Savings and Loan Division
Sec. 414

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
8	345,000	246.501	246,000
FTE	5.00	5.00	6.00

Funds are appropriated from the Savings and Loan Division Trust Fund to the Savings and Loan Division of the Department of Commerce for salaries, support, maintenance and miscellaneous purposes. Legislative action provides language requiring the Savings and Loan Division of the Department of Commerce to transfer to the Administrative Services Division Trust Fund an amount which represents the Division's share (83,923) of the actual cost of consolidating administrative services within the Department of Commerce, exempts the Savings and Loan Division from the Department of Management's quarterly allocations recapture procedure and allows the Savings and Loan Division to expend additional funds, if those additional expenditures are for examinations and the Department of Management approves the additional expenditure. The Division may exceed the FTE positions cap for examination purposes only.

Sec. 437

This Section reduces the annual transfer from the Savings and Loan Division trust fund to the general fund from \$15,000 to 811,000 annually.

Utilities Division

Sec. 416

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	4,827,875	4,207.955	4,207,000
FTE	117.75	102.50	102.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes for the Utilities Division. Legislative action requires the Utilities Division of the Department of Commerce to transfer to the Administrative Services Division Trust Fund an amount which represents the Division's share (\$223.641) of the actual cost of consolidating administrative services within the

Department of Commerce.

Division of Utilities

Sec. 431-432

This Section requires all utility fees to be deposited in the Utilities Division Trust Fund.

CORRECTIONS. DEPARTMENT OF

Central Office

H.F. 671

Sec. 305.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,463,763	1,625,500	1,620,000
FTE	39.12	30.52	38.52

This appropriation funds salaries and support of not more than 38.52 FTE positions, maintenance and miscellaneous purposes for the General Administration (Central Office) portion of the Department of Corrections. The appropriation funds .6 FTE less than current level.

Community Based Corrections

Sec. 306

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	16,796,110	18,100,700	18,100,700

This appropriation funds the payments made to the 8 district Departments of Correctional Services for Preinstitutional and Postconviction Community Corrections, Halfway Houses, Parole Services, and Operating While Intoxicated (OWI) Facilities. The amounts for each district (including the OWI facilities) is as follows:

First District:	\$2,759,258
Second District:	\$2,246,339
Third District:	\$1,308,630
Fourth District:	\$1,197,967
Fifth District:	\$4,083,254
Sixth District:	\$2,786,983
Seventh District:	\$2,384,845
Eighth District:	\$1,140,397
Central Office:	\$ 193,027

These amounts are based upon the amounts allocated in FY 1987.

Language is included which provides that the Department of Corrections shall not change the allocations either to the District Departments or to the Correctional Institutions from the amounts computed by the Legislative Fiscal Bureau unless notice of the revisions is given prior to their effective date to the Legislative Fiscal Bureau. The notice shall include information on the

Department's rationale for making the changes and details concerning the workload and performance measures upon which the changes are based.

The Department is required to report to the Legislative Fiscal Bureau on a monthly basis the current expenditures of the Department's various allocations with a comparison of actual to budgeted expenditures.

ITEM VETO The Department of Corrections is required to use the Department of Management's budget system in developing the budget information for Community-Based Corrections System, and each of the 8 District Department's shall be treated as a separate budget unit with each program modality classified as a separate organization code (similar to the way in which the 8 institutions are budgeted). The Department shall furnish performance measure data designed to enable comparison of this data with historical spending information, and shall assist the Legislative Fiscal Bureau in developing information to be used in legislative oversight of all programs operated by the Department.

The Department of Corrections is required to continue the OWI facilities established in last year's appropriation bill (1246.402, Acts of 1986), in compliance with the conditions specified in that Chapter.

ITEM VETO Language is included pertaining to legislative oversight of the Community-based Corrections Program.

Corrections Training Center
Sec. 305.5

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	326,504	288,000	285,000
FTE	7.81	6.31	6.31

This appropriation funds salaries and support of not more than 6.31 FTE positions, maintenance, and miscellaneous purposes at the Correctional Training Center at Mt. Pleasant. The appropriation funds 1.5 fewer FTE positions than current level (-1.0 Training Officer, -.5 Custodial Worker).

County Confinement
Sec. 305.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	68,298	68,200	65,000

This appropriation funds reimbursements paid to the counties for temporary confinement of work release and parole violators.

Federal Prisoners/Contractual
Sec. 305.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	355,720	355,000	355,000

This appropriation funds payments to the federal prison system for boarding inmates under the custody of the Department of Corrections, as well as miscellaneous contracts (including a Muslim Imam).

Inmate Legal Assistance
Sec. 305.6

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	25,000

ITEM VETO This appropriation funds Civil Legal Assistance to inmates in matters of child custody, bankruptcy, and dissolution of marriage. This Program was not funded in FY 1987, but had been funded previously.

Inmate Population Cap
Sec. 310

This Section repeals the 2,645 inmate cap on the prison system, and also the 850 inmate cap on the Anamosa facility, effective upon enactment of this Act.

Institutional Roof Repair
Sec. 305.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	115,700

This appropriation funds repairs to roofs at the 8 correctional institutions.

Institutions
Sec. 304.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	53,303,230	54,322,000	54,000,000
FTE		1617.93	1618.93

This appropriation is for salaries and support, maintenance and miscellaneous purposes at the 8 institutions operated by the Department of Corrections. The allocations to each institution related to each are indicated below. Except as otherwise noted, the Governor's recommendation and the legislative action continue the institutions at current levels of operation.

Fort Madison (ISP); Legislative action is

\$16,392,254. This amount funds an additional chaplain at the institution.

Anamosa (IMR): Legislative action is \$11,441,773. There are no new items included in this amount.

Oakdale (IMCC): Legislative action is \$7,733,883. This amount includes 8100.000 transferred from Fort Madison.

Newton (Riverview): Legislative action is \$1,993,115. This amount includes \$20,000 transferred from the previously separate Substance Abuse Program appropriation.

Mt. Pleasant (MSU): Legislative action is \$8,568,904. This amount includes \$51.317 transferred from the previously separate Substance Abuse Program appropriation.

Rockwell City (NCCF): Legislative action is \$2,162,107. There are no new items included in this amount.

Clarinda (CTU): Legislative action is \$3,090,571. There are no new items included in this amount.

Mitchellville (ICIW): Legislative action is \$2,617,393. There are no new items included in this amount.

Jail Inspectors

Sec. 305.3

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomin.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	78,743	79,000	79,000
FTE	2.00	2.00	2.00

This dppropriation funds salaries and support of not more than 2 FTE positions. maintenance and miscellaneous purposes for Jail Inspectors in the Department of Corrections.

Small Port Claims

Sec. 304 2-3

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	0	0	1,000

Language is included establishing a group to analyze the literacy and vocational training needs of inmates and develop recommendations on how to best meet these needs, including recommendations on how the state can qualify for additional federal funding. The analysis and recommendations shall be reported to the General Assembly no later than January 15, 1988.

Language is included requiring the Department to

include funding for a full-time Substance Abuse Counselor for the Luster Heights Facility, for the purpose of certification of a Substance Abuse Program.

CULTURAL AFFAIRS. DEPARTMENT OF

Administration Division

S.F. 511

Sec. 401.1. 419

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	0	290,239	259.214
FTE	0.00	9.00	8.00

This Division provides administrative and fiscal support to the Iowa Arts Council, the State Historical Society, the Terrace Hill Society, the State and Regional Libraries. and Iowa Public Television. This appropriation funds salaries. support, maintenance, and miscellaneous purposes of the Administrative Division. Legislative action eliminates \$31,025 from the Governor's recommendation for funding of 1 FTE in a marketing position. Section 419 requires that the provision of this service be developed in conjunction with the Department of Economic Development.

Blood Run National Historic Landmark

Sec. 426

This Section amends the Acts of 1988 by striking the matching requirement for the \$125,000 appropriated over a two year period beginning July 1, 1986 for land purchase encompassing the landmark.

Des Moines Grand Prix Race

Sec. 410

There is appropriated '650.000from the FY 1987 Iowa Lottery Jobs Now Account for the 1988 Greater Des Moines Grand Prix Race. These funds will not revert at the end of FY 1987 and can be used in FY 1988.

Historical Division Sale of Land

Sec. 420

This Section allows for the sale of property in Iowa City with the proceeds appropriated to the Historical Division of the Department of Cultural Affairs.

Historical Loan

Sec. 490

This Section authorizes the Administrator of the Historical Division to obtain a loan of \$3,050,000 from the Perinant School Fund for equipment, planning. and construction costs of educational exhibits. The Division shall repay a portion of the loan over a 10 year period along with an interest amount with the interest rate determined

by the State Treasurer. Payments shall be made from **gross** receipts and other funds available to the Division. Annual payments shall not be less than the amount required to be transferred to the First In The Nation In Education (**FINE**) Foundation or 75% of the **gross** receipts, whichever is greater. Requires that Lottery funds appropriated for this purpose must be expended **or** obligated before this loan is obtained.

Iowa Arts Council

Sec. 401.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	481,590	467,586	467,586
FTE	11.00	10.00	10.00

This Subsection appropriates funds for salaries, support, maintenance, and miscellaneous purposes of the Iowa Arts Council. The mission of the Iowa Arts Council is to promote the practice and appreciation of the arts and to develop a climate in which they flourish. Legislative action represents a \$14,004 (2.9%) decrease from FY 1987.

Iowa Public Broadcasting

Sec. 401.5

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	5,795,001	5,837,775	5,837,775
FTE	98.00	94.00	100.00

The **goal** of Iowa Public Broadcasting (IPB) is to assure that television is used extensively to aid the acceptance and understanding of educational, cultural, scientific, and public affairs subject matter. Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of IPB. Legislative action represents a \$42,774 (0.7%) increase over FY 1987.

Interest

Sec. 492

This Section allows Iowa Public Broadcasting to keep the interest on funds credited to their account except for funds appropriated from the general fund.

Property Tax

Sec. 495

This Section exempts the building currently being leased by Iowa Public Broadcasting from property tax

Regional Library System

Sec. 401.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,465,230	1,098,923	1,450,230

Funds are appropriated to provide inter-library loan, continuing education, reference services, consulting and support services to Iowa's **520** local public libraries and other libraries. The 7 Regional Libraries are located in Des Moines, Cedar Rapids, Mason City, Waterloo, Davenport, Council Bluffs, and Sioux City. Legislative action restores the appropriation to the FY 1987 funding level, less \$15,000 which will be used to partially fund library grants and a library study in Section 401.8.

Performance Measures

Sec. 421

ITEM VETO This Section requires that the Regional Library Boards report quarterly to the Legislative Fiscal Bureau and the co-chairpersons and ranking members of the Education Appropriations Subcommittee on performance measures.

Sec. 121.1a

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$		15,400	15,400

Funds are appropriated to the 7 regional libraries of the Regional Library System for salary adjustment purposes.

State Historical Society

Sec. 401.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,349,152	1,412,685	1,442,685
FTE	50.28	40.40	48.00

Funds are appropriated **for** salaries, support, maintenance, and miscellaneous purposes of the State Historical Society. The Society develops a comprehensive, coordinated, and efficient policy to preserve, research, interpret, and promote to the public an awareness and understanding of local, state, and regional history. Legislative action represents a \$93,533 (6.9%) increase over FY 1987 and is a \$30,000 increase over the Governor's recommendation. These additional funds are to be used for capital improvements and operational contract services for the Matthew Edal blacksmith shop in Haverhill.

State Library

Sec. 401.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,078,377	1,069,145	1,054,145
FTE	42.50	40.50	40.50

The State Library's goals are to maintain and provide access to a current collection of reference materials for governmental agencies, the legal profession, the medical profession, and the residents of the State. To improve current efforts to encourage the growth and development of library services within the State and make adequate service accessible to all residents of Iowa. Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for the State Library. Legislative action represents a \$15,000 decrease from the Governor's recommendation. This decrease will be used to partially fund library grants and a library study in Section 401.8 of this Act.

Grants and Study

Sec. 401.8

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	60,000

ITEM
VETO

These funds are to provide grants to Regional Libraries and Area Education Agencies for the implementation of cooperative programs. These funds are to be used by the Library Division for a study of methods to increase the utilization of libraries.

Terrace Hill

Sec. 401.6

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	146,931	151,367	151,367
FTE	5.25	5.25	5.25

Funds are appropriated to continue the preservation, renovation, and landscaping of Terrace Hill and raise the necessary funds for these purposes. Legislative action represents a \$4,436 (3.0%) increase over FY 1987.

ECONOMIC DEVELOPMENT. DEPARTMENT OF

Advertising and Marketing

S.F. 511

Sec. 301.6

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	92,333	92,333	89,563

This appropriation is for additional funding of the Advertising and Marketing Programs. Legislative action represents a 3% reduction from the Governor's recommendation.

Ambassador's Program

Sec. 303

This Section states that FY 1987 funds appropriated for operations of the Ambassadors Program which are not obligated at the end of the fiscal year, shall not revert to the general fund, but shall carry over to FY 1988 to fund operations of the Program.

Asian Trade Office

Sec. 301.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	300,000	300,000	291,000
FTE	2.00	2.00	2.00

This appropriation is for funding of the operations and maintenance of the Asian Trade Office. Legislative action represents a 3% reduction from the Governor's recommendation.

Child Care/Displaced Homemakers Services

Sec. 301.13

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,000,000	750,000	728,000
FTE	1.65	.80	0.80

This appropriation is for additional funding of the Child Care Services Program and the Displaced Homemaker Program in connection with similar programs funded through the Job Training Partnership Act. Child Care Services shall include funding for employer-sponsored Day Care Services. Legislative action represents a 3% reduction from the Governor's recommendation.

Community Development Block Grant Administration

Sec. 301.8

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	54,226	54,285	54,285
FTE	13.97	14.00	14.00

This appropriation is for a portion of the salaries, support, maintenance and miscellaneous purposes of administering the federal Community Development Block Grant Program. This appropriation is used to match federal funds for the administration of the Program.

Community Progress Programs
Sec. 301.4

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	411,054	442,474	411,054
FTE	9.30	8.50	9.50

This appropriation is for funding of the Community Progress Programs. Legislative action represents a 7% reduction from the Governor's recommended appropriation, but authorizes 1 additional FTE position funded by this Subsection.

Conservation Corps
Sec. 301.12

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	330,000	300,000	291,000
FTE	0.00	0.00	0.00

This appropriation is for providing employment and job training opportunities to youth between the ages of 14 and 24. Legislative action represents a 3% reduction from the Governor's recommendation. Language recommends that additional funding for the Conservation Corps Program come from Lottery proceeds.

Domestic Marketing
Sec. 301.2

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	665,900	865,868	665,900
FTE	8.60	8.60	8.60

This appropriation is for funding the Domestic Marketing Programs. Legislative action represents a 23% reduction from the Governor's recommendation.

Economic Assistance Criteria
Sec. 302

ITEM This Section stipulates that State Departments which administer Economic Assistance Programs shall consider potential job displacement and job quality in the allocation of funds.
VETO

Export Finance Supplemental Funding
Sec. 305

This Section states that unobligated funds on June 30, 1987 remaining in the FY 1987 appropriation of \$1,000,000, shall carry forward to fund the Export Finance Program during FY 1988.

General Administration
Sec. 301.1

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	1,794,927	1,532,274	1,691,788
FTE	38.61	35.08	35.08

This appropriation is for salaries, support, maintenance, and other operational purposes of the Department, including: Administration, Communications, Marketing, International Trade, and two trade offices. Legislative action represents a 10% increase above the Governor's recommendation. The Governor's original recommendation was \$3,106,469, which included funding for Domestic Marketing Programs, Small Business Programs, and Community Progress Programs. The legislative action separated out the funding for those 3 Programs and have recommended 3 separate line items in Sections 301.2 through 301.4.

As a condition of this appropriation, the Department shall enter into a 28E agreement with the Board of Regents to maximize the commercial applications of university research. The Department shall enter into a 28E agreement with Iowa State University to coordinate Economic Development Programs administered through the Extension Service.

Job Training Partnership Act
Sec. 301.9

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	960,151	960,151	960,151
FTE	27.60	28.70	28.70

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the administration of the federal Job Training Partnership Act.

Legislative Oversight-Agricultural Marketing Programs
Sec. 301.15

ITEM This Section stipulates the goals, objectives, and performance indicators for the Agricultural Marketing Programs for FY 1988 as part of legislative oversight functions.
VETO

Listing of State Assistance Programs
Sec. 301.14

This Section stipulates that the Department compile a list of all state assistance programs available to Iowa political subdivisions.

Mississippi River Parkway Commission

Sec. 301.10

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	15,000	15,000	14,550
FTE	0.00	0.00	0.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Commission. Legislative action represents a 3% reduction from the Governor's recommendation.

Self-employment Loan Program

Sec. 308

This Section amends Section 15.241. Code of Iowa, to allow the Department to provide grants of not more than \$5,000, through the Self-employment Loan Program.

Sec. 309

This Section states that the Department shall use 20% of the loan repayments from previous Iowa Community Development Loans to operate the Self-employment Loan Program. Of these funds, not less than 50% shall be allocated to targeted small businesses certified by the Department.

Small Business Programs

Sec. 301.3

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	239,533	265,853	319,533
FTE	5.00	5.00	6.00

ITEM vt 0 This appropriation is for funding the Small Business Programs. Legislative action is a 20% increase and 1 FTE position from the Governor's recommendation. The Department shall administer a Small Business Information Center with funds appropriated by this Subsection.

Small Business Program Coordination

Sec. 306

This Section states that the Department shall organize quarterly meetings with other state agencies that administer Small Business Programs and shall make recommendations concerning the coordination of Small Business Programs. The Department shall report quarterly to the Legislative Fiscal Bureau.

Targeted Small Business Loan and Equity Grant Program

Sec. 307

This Section establishes a Targeted Small Business Loan and Equity Grant Program.

Tourism/Advertising Supplemental Funding

Sec. 304

This Section includes a \$285,000 supplemental

ITEM VETO appropriation in FY 1987 for Tourism and Advertising Programs. Unobligated funds shall carry forward into FY 1988.

Tourism/Promotion Programs

Sec. 301.5

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,489,981	2,069,205	1,490,000
FTE	16.40	16.40	16.40

This appropriation is for funding of the Tourism and Promotion Programs. Legislative action represents a 28% reduction from the Governor's recommendation.

Of the funds appropriated by this Subsection, \$50,000 may be spent for the purchase or support of the Grant Wood Gothic House in Eldon, Iowa. Unexpended funds shall be deposited in a trust fund for maintenance and promotion of the House. As a condition of the appropriation: \$15,000 shall be used for establishing a storage facility for Grant Wood artifacts in Stone City; \$25,000 shall be used for a Grant Wood Information Center in Anamosa; \$125,000 shall be used for development of the Blood Run Historic Landmark; \$100,000 shall be used for development of a statewide tourism plan; and \$75,000 shall be allocated to tourism regions for local tourism development.

Youth Services Administration

Sec. 301.11

	FY 1987	GoFY 1988	LeFY 1988
	Approp.	mm.	on
\$	76,516	79,089	76,516
FTE	2.00	2.00	2.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of administering Youth Service Programs. Legislative action represents a 3% reduction from the Governor's recommendation. In expending these funds, the Department shall consider the level of job training and work ethics in evaluating requests for Youth Service Funds.

EDUCATION. DEPARTMENT OF Accreditation Process

S.F. 511

Sec. 451

This Section provides for an accreditation process for school districts and nonpublic schools and establishes a 2 phase process for the continued accreditation of schools and school districts. Phase I consists of annual monitoring and requires Department of Education onsite visits to each accredited school and school district. Phase II

requires the use of an accreditation committee to conduct onsite visits if any 1 of 4 conditions exist:

1. When annual monitoring indicates deficiencies or noncompliance.
2. In response to a petition signed by 20% of a district's voters.
3. In response to a petition signed by 20% of a district's parents.
4. At the direction of the State Board of Education.

This Section allows the State Board of Education to include provisions for coordination with accreditation associations. The State Board determines if a school district or nonpublic school shall remain accredited. If a school district or nonpublic school should not remain accredited, the Director is required to set up a plan with the board of directors of a school district or authorities of a nonpublic school to correct a deficiency. During the time a district is under a plan to correct deficiencies, it remains accredited. Upon completion of the plan to correct deficiencies, a revisit shall occur and the State Board determines compliance with accreditation standards. If the deficiencies have not been corrected, the State Board shall merge the territory of the school district with 1 or more contiguous districts.

Area Education Agency Print Materials
Sec. 474

Area Education Agencies may provide print materials to colleges and universities which have teacher education programs.

Department of Education Administration
Sec. 405.1

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	4,172,044	4,450,708	5,150,708
FTE	106.94	114.94	121.00

ITEM VETO Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for Administration. The Department of Education is established by the General Assembly to act in a policymaking and advisory capacity over the state system of education. Legislative action is a \$700,000 increase over the Governor's recommendation. This increase adds 6 regional consultants and 3 support staff to fulfill the school accreditation mandate. This Section requires that the Department expend at least \$250,000 for the administration of the Educational Excellence Program, \$400,000 for grants to foreign language programs, \$100,000 for summer residence programs for talented and gifted students of which

825,000 will be used to support law-related education centers, and \$150,000 for the improvement of consultant salaries. Language states that the Department shall provide assistance to Area Education Agencies and school districts in administering programs for autistic children.

Duties of Consultants
Sec. 450

This Section allows educational consultants in the Department of Education to assist school improvement specialists in the accreditation process. The Department will assign consultants to assist districts that the Department determines are most in need of participation in school improvement activities.

Educational Aid to American Indians
Sec. 405.11, 453

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	0	100,000

Section 453 of this Act requires that the Department of Education provide funds for the expense of educating children residing on the Sac and Fox Indian lands when moneys are appropriated for that purpose. This Section provides that this money will be in addition to federal funds and administered by the tribal council, requires an annual expenditure report, requires the money to be first used for salary costs, and provides for an \$18,000 minimum salary for certificated instructional staff. Section 405.11 appropriates \$100,000 for the requirements in Section 453 of this Act.

Educational Excellence Program
Sec. 491

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	98,400,000	92,100,085

This Section appropriates \$92,100,085 to the Educational Excellence Fund created by H.F. 499. Moneys are distributed as follows:

- ITEM VETO
- 8115,500 to Department of Human Services for Phase II for certificated classroom teachers at Department of Human Services institutions.
 - \$94,600 to the State Board of Regents for Phase I and II for certificated classroom teachers at the Iowa Braille and Sight Saving School and the Iowa School for the Deaf.
 - 8200,000 for pilot projects for teacher sabbaticals.
 - Each year the remainder of the moneys will be used to meet the minimum salary requirements under

Phase I, \$38,500,000 for Phase II, and the remainder of the fund for Phase III.

ITEM VETO This Section provides that the Governor certify to the Department of Education the amount by which the state budget resources are insufficient and the Department will then notify the Governor of the amount allocated for Phase III. The Governor shall order that the allocation for Phase III be reduced by the amount of the insufficient budget resources or the amount of the Department's notification, whichever is less.

Interest Transfer to First in the Nation in Education

Foundation
Sec. 414

This Section allows the First In The Nation In Education Foundation (FINE) to receive interest transfers from the Permanent School Fund quarterly rather than annually. The FINE Research Foundation was established by the 1985 Session of the Seventy-first General Assembly. It was a response to 1 of the 4 priority recommendations made by the Iowa Education Task Force. FINE's mission statement calls for it to be "a major independent, freestanding education research entity bringing together talents and resources from the private and public sectors."

Iowa Academy of Science
Sec. 405.9

FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$ 57,494	57,494	57,494

Legislative action funds the Iowa Academy of Science which was founded in 1875, incorporated as a nonprofit educational scientific organization in 1955, and has a membership of 1,550. A Board of Directors and 11 standing committees conduct the affairs of the Academy under a part-time Executive Director who is also a professor at the University of Northern Iowa where the Academy's central office is located.

Merged Area Schools
Payment of Expenses
Sec. 479

This Section allows the Area Schools to pay expenses for all general and plant fund expenses.

4th Quarter Aid

Sec. 406. 407

FY 1988 Approp.	FY 1989 Gov. Recomm.	FY 1989 Leg. Action
\$ 14,928,683	19,105,817	22,618,845

This appropriation is to support 30% of the general fund operating budgets of Merged Area Schools, The

state general aid appropriation request was developed on the basis of a foundation formula authorized in Chapter 286A, Code of Iowa. Legislative action represents a \$7,690,162 increase over the FY 1987 appropriation. This increase includes the amount required to fully fund the formula and the amount of the FY 1987 support for area school vocational funding now rolled into the area school general aid. The Governor's recommendation included \$305,347 as the amount for property tax replacement. That amount is not included in this appropriation. The Governor's recommendation was to fund 75% of the appropriation in FY 1988 and 25% in FY 1989. This action funds 70% in FY 1988 and 30% in FY 1989. This requires an appropriation of \$3,624,102 more in FY 1989.

Carroll Service Area
Sec. 405.12

FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$ 0	0	250,000

ITEM VETO This appropriation is to help develop, implement, and expand unique educational delivery systems to the residents of rural Iowa.

General Aid

Sec. 405.13

FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$ 42,576,586	57,317,452	52,777,309

This appropriation is to support 70% of the general fund operating budgets of Merged Area Schools. The state general aid appropriation request was developed on the basis of a foundation formula authorized in Chapter 286A, Code of Iowa. Legislative action represents a \$10,200,723 increase over the FY 1987 appropriation. This increase includes the amount required to fully fund the formula and the amount of the FY 1987 support for area school vocational funding now rolled into the area school general aid. The Governor's recommendation included \$916,041 for property tax replacement which is not included in this appropriation. The Governor's recommendation was to fund 75% of the appropriation in FY 1988 and 25% in FY 1989. Legislative action funds 70% in FY 1988 and 30% in FY 1989. This requires an appropriation of \$3,624,102 less in FY 1988.

Library Cost
Sec. 489

This Section is a technical correction to the Area School Funding Formula. The library cost center is calculated yearly instead of receiving allowable growth.

Plant Fund Levy
Sec. 476, 477

Section 476 requires that the utility cost of an Area School be paid from a plant fund levy authorized by the voters after July 1, 1987. Section 477 allows Area Schools to pay for utilities from plant fund levies authorized prior to July 1, 1987.

Salaries

Sec. 452

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	3,250,000

ITEM VETO This Section appropriates \$3,250,000 as a standing appropriation each year for Area School salaries. These funds are for the salary increases of full-time nonadministrative employees. The Area Schools will each receive the following amounts:

1	CALMAR	\$ 124,850
2	MASON CITY	\$ 159,548
3	ESTHERVILLE	\$ 118,658
4	SHELDON	3 44,496
5	FORT DODGE	3 372,808
6	MARSHALLTOWN	\$ 131,372
7	WATERLOO	\$ 152,560
9	DAVENPORT	\$ 171,630
10	CEDAR RAPIDS	3 258,505
11	ANKENY	\$ 897,675
12	SIOUX CITY	\$ 105,944
13	COUNCIL BLUFFS	3 436,499
14	CRESTON	\$ 50,853
15	OTTUMWA	3 125,015
16	W. BURLINGTON	\$ 99,587

Tuition for Student Aid

Sec. 478

This Section allows the Area Schools to designate a portion of tuition collected to be used for student aid.

Non-English Speaking Student Programs

Sec. 405.8

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	150,000	150,000	150,000

Funds are appropriated to fund programs designed for non-english speaking students for both public and nonpublic schools. These programs provide special instruction until the student demonstrates a functional ability to speak, write, read, and understand the English language.

Professional Teaching Practices Commission

Sec. 405.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	37,591	57,591	57,591
FTE	1.46	1.46	1.46

Funds are appropriated for the Commission to carry out Chapter 272A, Code of Iowa. This includes processing disciplinary type hearings on the issue of teaching certificate revocation or suspension and establishment of criteria of competent performance for all members of the teaching profession. Legislative action increases the funding for this Program by 320,000 over FY 1987. This funding returns the appropriation to the FY 1986 funding level.

Review of Consultant Positions

Sec. 417

This Section requires the Department of Education to review the number of consultants it employs and report to the General Assembly any additional need.

Review of Summer Institute Programs

Sec. 418

This Section requires the Department of Education to review the selection of Summer Institute Programs. A Summer Institute Program must be eight weeks and preference is to be given to subjects where there are teacher shortages. Of these funds, 835,000 shall be expended to assist teachers as instructors of courses taught by telecommunications.

School Food Service

Sec. 405.5

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	3,173,131	3,173,131	3,173,131
FTE	16.00	16.00	16.00

Funds are appropriated for the purpose of underwriting the costs of providing lunches and breakfasts and the distribution of donated United States Department of Agriculture commodities to public and nonpublic schools and to residential child care institutions participating in the federally subsidized National School Lunch Program. This appropriation matches over \$34 million dollars in federal funds.

Special Education Funding

Sec. 423

This Section allows a school district which has expended all special education funds to apply to the Department of Education for up to \$50,000 to continue to provide services.

Special Programs

Sec. 449, 475, 480-487

Amends Chapter 282.19, Code of Iowa, to redirect the manner in which the education of children living in a licensed foster care facility are funded. This includes:

Providing for an annual joint application by the Area Education Agency in which the State Training School and Iowa Juvenile Home are located and the Department of Human Services to the Department of Education for special education instructional and support programs and service improvements. The approved budget monies shall supplement, not supplant, the amount expended for education during FY 1987. The amount of the approved claims shall be deducted monthly from the state foundation aid.

Providing that those children identified as requiring special education, who have been placed in a facility or home by the District Court and whose parental rights have been terminated, shall be provided special education programs and services on the same basis as provided to children requiring the same programs and services in the district that the child is placed.

Providing for an appropriate educational program for children living in an approved or licensed shelter care home or juvenile detention home by the Area Education Agency. Allows the Area Education Agency' alternatives for the provision of the educational program. Requires the cooperation of school districts, Area Education Agencies, and other appropriate agencies with the school district where, the child is living in the provision of educational information, textbooks, curriculum, assignments, and materials.

Providing for the funding of non-special education students in shelter care and juvenile detention homes. The Department of Education reviews and approves Area Education Agency programs and budgets. Approved claims are paid from state foundation aid. A child living in a foster care facility or home outside their district of residence shall be included in the basic enrollment of the district where the facility is located. The actual special educational costs of a child in a foster care facility or placed by District Court outside their district of residence shall be paid by the district of residence to the district where the service is being provided. The Department of Education Director determines the district of residence of any child requiring special education when a dispute arises over residency. If a district of residence cannot be determined of a child requiring special education and who was not included in the weighted enrollment of any district, the district providing services shall submit a proposed program and budget to the

Department of Education and approved claims are paid out of state foundation aid.

Task Force Report Requirements

Sec. 416

ITEM
VETO

Section 1226.15, Acts of 1986, requires that school districts appoint a task force to discuss and make recommendations for implementing efficiencies in their school district. The report and recommendations of the task force must be sent to the Department of Education as a condition of the payment of state school foundation aid.

Teenage Pregnancy Task Force

Sec. 430, 431, 448

ITEM
VETO

These Sections establish a task force on adolescent pregnancy prevention and services; provide for pilot project grants relating to adolescent pregnancy prevention and services; establish a local advisory committee on public school boards regarding the inclusion or exclusion of human growth and development instruction in schools; and direct the Department of Education to make model human growth and development curricula available to school districts and local advisory committees.

Textbook Services for Nonpublic School Pupils

Sec. 405.6

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	333,160	400,000	350,000

This Program is to reimburse school districts that provide textbook services to resident pupils attending an approved nonpublic school. Reimbursement is limited to \$10 per pupil or the comparable services offered to resident public school pupils, whichever is the lesser amount. Legislative action represents a \$16,840 (5.1%) increase over FY 1987. It is anticipated that this amount is sufficient to reimburse the claims submitted.

Tuition Tax Credit

Sec. 493, 494

Section 493 allows taxpayers a deduction of \$1,000 for each dependent in grades K-12, for tuition and textbooks. Section 494 allows taxpayers who do not itemize, a tuition credit equal to 5% of the first \$1,000 for each dependent in grades K-12, for tuition and textbooks.

Vocational Aid to Secondary Schools

Sec. 405.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	3,723,061	3,723,061	3,683,061

Funds are appropriated for aid to school districts for the development and conduct of Continuing and new vocational programs, services, and activities through the secondary schools. Legislative action is a \$40,000 decrease from a shift of funds to the Department of Education Administration for Vocational Education Aid and is to be used to fund 2 additional consultant positions to assist in the improvement of vocational agricultural programs.

Vocational Education Administration
Sec. 405.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	854,150	851,399	891,399
FTE	43.00	42.00	44.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for Vocational Education Administration. These funds are used to administer state and federal vocational aid allocated to Iowa's elementary-secondary school districts. Merged Area Schools, Area Education Agencies, teacher education institutions, and the Department of Education. Legislative action represents a \$40,000 increase over the Governor's recommendation. This increase came from a shift of funds from the Vocational Education Aid to Secondary Schools and is to be used to fund 2 additional consultant positions to assist in the improvement of vocational agricultural programs.

Vocational Rehabilitation Division
Sec. 405.10

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	2,696,461	2,696,461	2,696,461
FTE	310.50	307.50	308.50

Funds are appropriated to provide comprehensive vocational rehabilitation services to disabled Iowans through the provision of diagnostic, evaluation, counseling, placement, training, maintenance, transportation, and physical restoration.

Vocational Youth Organization
Sec. 405.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
	8	9,252	9,252

Funds are appropriated to carry out Chapter 258.14, Code of Iowa, which is the Vocational Youth Organization Fund. These funds assist the operation of the following statewide organizations: Distributive Education Clubs of America; Future Business Leaders of America and Phi Beta Lambda;

Future Farmers of America; future Homemakers of America; Office Education Association and Vocational Industrial Clubs of America; Health Occupations Student Association; and Iowa Industrial Arts Student Association.

ELDER AFFAIRS, DEPARTMENT OF
Alzheimer's Support Program

H.F. 671

Sec. 103.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	70,000	70,000	70,000

This appropriation is for funding the Alzheimer's Disease Support Program. Language states that none of these funds shall be used by the Department for administrative purposes.

Area Agencies On Aging

Sec. 103.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
	8	114,248	114,248

This appropriation is for grants to Area Agencies on Aging.

Elder Law Program

Sec. 103.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	95,000	0	95,000

ITEM VETO This appropriation is for funding the Elder Law Education Program,

Sec. 104

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	75,000	0	0

ITEM VETO This Section is a FY 1987 supplemental appropriation for the purchase and support of a Mobile Resource Center for the Elder Law Education Program.

Elderly Services Programs

Sec. 103.8

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	777,195	1,227,195	1,077,195

This appropriation is for funding of Elderly Services Programs. There is a decrease from the

Governor's recommendation due to decreasing the proposed \$200,000 for a Respite Care Program (\$50,000). This appropriation includes an increase from FY 1987 in Adult Day Care Programs (\$250,000). Language states the Department shall not use this appropriation for administrative purposes, FY 1988 expenditures on current Adult Day Care Programs must at least equal FY 1987 expenditures, and at least \$125,000 of the funds appropriated in this Section will be spent on programs not Funded by Area Agencies on Aging in FY 1987.

Retired Iowan Employment Program

Sec. 103.4		
FY 1987	FY 1988	FY 1988
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 104.865	104.865	104,865

This appropriation is for funding the Retired Iowan Employment Program.

Retired Seniors Volunteer Program

Sec. 103.6		
FY 1987	FY 1988	FY 1988
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 14.278	14.278	14.278

This appropriation is for funding the Retired Seniors Volunteer Program. Language states that the entire appropriation shall be divided equally among the programs in existence on July 1, 1987 and the Department shall not use this appropriation for administrative purposes.

Senior Legislature

Sec. 103.5		
FY 1987	FY 1988	FY 1988
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 12.953	12.953	12.953

This appropriation is for funding the Older Iowans Legislature.

State Administration

Sec. 103.1		
FY 1987	FY 1988	FY 1988
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$ 284.119	526,242	335.001
FTE 29.50	30.50	30.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the State Administration Division of the Department of Elder Affairs. There is a decrease from the Governor's recommendation due to subtracting the proposed appropriation for the development of a case management system and a Long Term Care (LTC)

Coordinator (\$232,000 and 1 FTE position); adding an Alternative Housing/LTC Coordinator (\$34,759 and 1 FTE position); and adding reporting-of-adult-abuse funds (86,000).

EMPLOYMENT SERVICES. DEPARTMENT OF Administrative Services

H.F. 671			
Sec. 403.3			
	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	77.439	89,845	89,000
FTE	5.00	5.30	5.30

This appropriation is for salary, support, maintenance and miscellaneous purposes For the Office of Administrative Services.

Employment Security Contingency Fund/Section 903 Social Security Act

Sec. 405
This Section authorizes the use of moneys in the Special Employment Security Contingency Fund (Job Service Penalty and Interest Fund); for building and equipment expenses (\$50,000); County Labor Survey Economic Development Teams (\$250,000); and Division Approved Training (\$30,000).

Federal Funds Appropriated for Building Purchase

Sec. 404
This Section appropriates out of the funds made available to the state pursuant to Section 903 Federal Social Security Act. \$62,500 to the Department of Employment Services for the payment of the first 2 of 4 annual payments, to the Iowa Public Employment Retirement System. This appropriation is for the purchase of that portion of the State Administrative Office Building, located at 1000 East Grand, Des Moines, Iowa, which is owned by the Iowa Public Employment Retirement System.

General Office

Sec. 424
This Section requires the Director of the Department of Employment Services to assume the duties of the Commissioner of the Job Services Division of the Department of Employment Services.

Industrial Services

Sec. 403.2			
	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	985.928	908.515	1,060,000
FTE	30.50	27.50	32.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the

Industrial Services Division. The legislative action reflects a 7.9% increase over the Governor's recommendation. Legislative action restores funding for 1 Deputy Industrial Commissioner (\$40,864), and adds 2 new Deputy Industrial Commissioners (\$80,000), and 2 additional Data Entry Operators(\$30,618) to reduce the backlog of contested workers compensation cases.

Labor Services Division
Sec. 403.1
Section 403.1

	<u>FY 1907</u>	<u>FY 1988</u>	<u>FY 1988</u>
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
8	1,692,028	1,651,690	1,708,000
FTE	02.00	79.00	81.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes of the Labor Services Division. The legislative action restores 1 Accounting Technician (\$11,800) required for programs jointly funded with federal and state monies and an additional 85.900 to fully fund enforcement of the Chemically Hazardous Right to Know and Asbestos Licensing Law. These legislative actions are matched with 50% federal funding. Legislative action adds a Boiler Inspector (\$39,000) to the Division. The legislative action represents a 1% increase over the Governor's recommendation.

Transfer of Funds
Sec. 403.4

ITEM This Section prohibits the transferring of funds between Divisions of the Department of Employment Services. Legislative action prohibits the billing of administrative costs to the Labor Services and Industrial Services Divisions unless those Divisions request additional services, exempts the Department of Employment Services from the Department of Management's quarterly allocations recapture procedure, and requires the Director of the Department of Employment Services to assume the duties of the Commissioner of the Job Services Division.

ENACTMENT CLAUSE
H.F. 671

Sec. 442
 Sections 104 (Department of Elder Affairs - Elder Law Program), 309 (Judicial Department - Public Defenders), and 310 (Department of Corrections - Inmate Population Cap) of this Act take effect upon enactment.

S.F. 518
Sec. 32

Language is included that establishes an effective date for Sections 1.1 (Iowa Law Enforcement Academy - Operations), 1.2 (Iowa Law Enforcement Academy - Judgmental Shooting Training Equipment), 4.4b (Department of Public Safety - Undercover Funds), 4.4b (Department of Public Safety - Division of Criminal Investigation), 5 (Department of Public Safety - Automated Fingerprint Identification System), 24 (Department of Public Safety - Victim Reparation Fund), 25 (Department of Transportation - Railroad Assistance Fund), and 30 (Department of Transportation - Language to Exempt Section).

Human Services, Department of
H.F. 671

Sec. 230
 Sections 218 through 226 of this Act take effect upon enactment.

EXECUTIVE COUNCIL
General Office

S.F. 511
Sec. 105

	<u>FY 1987</u>	<u>FY 1988</u>	<u>FV 1988</u>
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
8	39,605	39,605	39,605
FTE	1.40	1.40	1.40

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for the General Office of the Executive Council.

GENERAL ASSEMBLY
National Conference of State Legislatures

S.F. 511

Sec. 106.1

	<u>FY 1987</u>	<u>FV 1988</u>	<u>FY 1988</u>
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	51.002	60,844	60,844

Funds are appropriated for support of the Membership Assessment.

Uniform State Laws Commission

Sec. 106.2

	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1988</u>
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	8,538	18,273	18,273

Funds are appropriated for support of the Commission and expenses of members.

GENERAL SERVICES, DEPARTMENT OF

Capitals
S.F. 511
Sec. 107

	FY 1987 Approp.	FV 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	0	1,000,000	0

The Governor recommended that \$1,000,000 be appropriated from the general fund for the Capital Restoration Project. Legislative action did not make this appropriation, noting that funding for the Project was to come from Lottery Funds. Language in this Section states that \$2,000,000 be appropriated from the Lottery Funds to the Department of General Services for the Capitol Restordtion Project so that it may continue on schedule.

Note: \$2,000,000 is appropriated from Lottery Funds for FV 1988 in S.F. 515.

Capitol Complex Renovation - Supplemental FV 1987

Sec. 122

ITEM There is appropriated from the general fund for FV
VETO 1987 to the Department of General Services \$4,250,000 or so much thereof as is necessary, of which \$750,000 shall be allocated to the Historical Division of the Department of Cultural Affairs to equip the new Historical Building. The remainder of the appropriation (\$3,500,000) is to be used for Capitol Complex construction and renovation.

This Section contains language stating that, notwithstanding Section 8.33, Code of Iowa, funds appropriated by this Section which are unexpended or unencumbered shall carry forward to FY 1988 for the same purpose as originally intended.

Capitol Planning Commission

Sec. 107.3

	FY 1987 Approp.	FV 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	2,095	1,571	1.571

Funds are appropriated for expenses of the members in carrying out their duties under Chapter 18. Code of Iowa.

Centralized Printing Revolving Fund

Sec. 108.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	728,941	743,986	743,986
FTE	29.00	29.00	29.00

Funds are appropriated from the Centralized

Printing Revolving Fund for salaries, support, maintenance and miscellaneous purposes.

Sec. 108.2

This Subsection states that the remainder of the Centralized Printing Permanent Revolving Fund is appropriated for the expense incurred in supplying paper stock, offset printing, copy preparation, binding, distribution costs, original payment of printing and binding claims and contingencies arising during the fiscal year which are legally payable from this Fund.

Centralized Purchasing Revolving Fund

Sec. 108.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	460,269	470,850	470,850
FTE	15.00	14.00	14.00

Funds are appropriated from this Fund for salaries, support, maintenance, and miscellaneous purposes.

The remainder of the Centralized Purchasing Revolving Fund is appropriated for the payment of expenses incurred through purchases by various State Departments and for contingencies arising during the fiscal year which are legally payable from this Fund.

Communications

Sec. 131

This Section amends Section 18.134, Code of Iowa, to read that the Department of General Services shall not provide or resell communications services to entities other than state agencies. A political subdivision receiving communications services from the state as of April 1, 1986, may continue to do so, but communications services shall not be provided or resold to additional political subdivisions. The rates charged to the political subdivision shall be the same as the rates charged to state agencies.

General Operations

Sec. 109

ITEM This Section states there is appropriated from the
VETO general fund to the Department of General Services for each fiscal year in the fiscal period beginning July 1, 1988 and ending June 30, 1990 the sum of \$3,000,000. or so much thereof as is necessary, to be used for Capitol Complex construction and renovation.

General Services

Sec. 130

This Section amends Section 18.12(7), Code of Iowa, stating that the Department of General Services has the authority to go to the Executive Council for

necessary funds (up to \$100,000) for emergency repairs at the institutions of the Departments of Human Services and Corrections. The Department already has the authority to do this for the buildings on the Capitol complex. Under state government reorganization, the Department of General Services became responsible for the upkeep of the institutions, but this Code of Iowa change was not made due to an oversight.

Information Services Division

Sec. 107.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	6,296,781	5,898,627	5,379,627
FTE	163.00	163.00	163.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the Division of Information Services of the Department of General Services. The legislative action represents an 8.8% decrease from the Governor's recommendation.

Legislative action did not fund the replacement of computer equipment with newer technological equipment as this was considered to be a capital expenditure, partially funded (\$35,000) for improved office automation functions and promoting use of shared equipment and eliminated the Governor's recommendation for a professional study and evaluation of disaster recovery plans and resources to implement changes required by the evaluation (\$120,000).

This Section contains language stating that funds appropriated in this Subsection shall not be used for the replacement of computer equipment with newer technological devices to replace the current processing capacity or replace the currently installed magnetic tape units. This Section contains language stating that funds appropriated in this Subsection shall be used for the installation of computer terminals to improve County Auditor access to the State Voter Registration System.

Operations

Sec. 107.1

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	4,709,037	5,109,954	4,963,985
FTE	228.70	233.10	233.60

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for operations of General Services. The legislative action represents a 2.9% decrease from the Governor's recommendation. The following actions

were made:

1. Reduced the Governor's recommendation for custodial grounds care, restoration, and electrical maintenance of the State Complex by 2 FTE positions.
2. Reduced funding from the Governor's recommendation for mail delivery on and off of the state complex by 1 FTE positions.
3. Reduced the Governor's recommendation for buildings and grounds support services for the new Historical Building from 15 FTE positions to 14 FTE positions.
4. Added funding for a restoration painter (1 FTE position) for the Capitol Building.
5. Arbitrary reduction of \$80,000.

**ITEM
VETO**

This Section also contains language stating that savings achieved in providing telecommunications service shall be used by the Department to increase efficiencies in the provision of these services. This Section contains language stating that the Department shall continue the **Forms** Management Program with the funds appropriated in this Subsection.

Rental Space

Sec. 107.5

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	890,311	667,773	667,773

Funds are appropriated for the payment of lease or rental costs of buildings and offices placed at the seat of government as provided in the Code of Iowa.

Risk Management

Sec. 107.6

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	184,666	18,500	18,500

Funds are appropriated to fund risk reduction projects for uninsured, state-owned property pursuant to Section 18.164(1), Code of Iowa.

Utilities

Sec. 107.4

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,804,755	1,748,222	1,583,067

Funds are appropriated for the payment of utility costs for the Capitol Complex. The legislative action represents a 9.4% decrease from the Governor's recommendation. Legislative action reduced the Governor's recommendation for estimated

increases in utility costs for the new Historical Building by 20%. because the Building will not be open the entire fiscal year and the Department may ask for a supplemental appropriation. Legislative action further reduced the appropriation by \$56,000. for anticipated savings in utility costs due to the effects of the 1986 Tax Reform Act.

The Section includes language stating that the Department of General Services may use funds appropriated in the Subsection for utility costs to fund energy conservation projects in the State Capitol which will have a 100% payback within a 12 month period.

Vehicle Dispatcher Revolving Fund

Sec. 108.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	446,105	439,926	439,926
FTE	16.00	15.00	15.00

Funds are appropriated from this Fund for salaries, support, maintenance and miscellaneous purposes of the Vehicle Dispatcher.

Sec. 108.5

This Subsection states that the remainder of the Vehicle Dispatcher Revolving Fund is appropriated for the purchase of gasoline, oil, tires, repairs, and all other maintenance expenses incurred in the operation of state-owned motor vehicles and for contingencies arising during the fiscal year which are legally payable from this Fund.

GOVEHNOH'S BUDGET HEARINGS

Budget Information

H.F. 671

Sec. 419

ITEM VETO This Section requires the Department of Management to provide budget handouts to the chairpersons and ranking members of the Senate and House Standing Committees on Appropriations and the Legislative Fiscal Bureau.

Expenses

Src. 418

ITEM VETO This Section allows the chairpersons and ranking members of the Senate and House Standing Committees on Appropriations to receive reimbursement for actual expenses incurred while attending the Governor's Budget Hearings.

GOVERNOR, OFFICE OF THE

Ad Hoc Committees

S.F. 511

Sec. 102.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
8	15.706	15.706	15,706

Funds are appropriated for the payment of expenses of Ad Hoc Committees, Councils, and Task Forces appointed by the Governor. This appropriation includes the payment of per diem (maximum of \$40 per day) and the actual expenses of committee council or task force members.

Administrative Rules Coordinator

Sec. 102.5

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
8	74.803	76.466	76.466
FTE	2.00	2.00	2.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the Office of the Administrative Rules Coordinator.

Expenses of Office

Sec. 102.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	5,439	5,439	5,439

Funds are appropriated for the Governor's perfunctory expenses connected with the Office.

Governor's Office

Sec. 102.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	733,007	763.711	763.711
FTE	16.00	15.00	15.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the General Office of the Governor.

Terrace Hill Quarters

Sec. 102.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
8	65.403	79,554	79,554
FTE	3.00	3.00	3.00

Funds are appropriated for salaries, support, and miscellaneous purposes of the Governor's quarters at Terrace Hill.

HUMAN RIGHTS, DEPARTMENT OF
Central Administration Division
 Family Self-sufficiency Grants
 H.F. 671

Sec. 102.1b

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	600,000

ITEM
 VETO

This appropriation is for programs and assistance to encourage family self-sufficiency and is a transfer of funds from the Department of Human Services, Family Development Services (Aid to Families with Dependent Children) and Medical Assistance (Title XIX). Language states that \$50,000 of the appropriation will be used to develop demonstration projects in communities to coordinate and focus services for low-income or high-risk families. A task force will be established to develop guidelines for the grant process. to review the grant applications, and to make recommendations to the Department. Language includes guidelines for application information, limits each grant to \$30,000. and allows a maximum of \$50,000 to the Department for the administration of the Program and any other responsibilities of the Department. Language states that 3485.000 shall be used by Community Action Agencies to establish Family Development Teams. Funding to the Teams will be based upon a request for proposal. Funds will be used to maximize federal participation and may be used as a state match. Preference will be given to local governments which contribute financing. Language includes the qualifications to be a Family Development Team member and limits the Teams to between 2 and 10 people. The appropriation includes \$15,000 for a contract with Iowa State University (ISU) for evaluation services of approved programs and grants. Each approved program and grant will be evaluated by the Department in conjunction with ISU. Language states that. if the sunset of the Department of Human Rights is not repealed. the appropriation to the Family Self-sufficiency Grants Program shall revert to the general fund. This Section includes language, dealing with responsibilities of the Coordinator of the Department. the Legislative Liaison and the Fiscal Officer.

General Office

Sec. 102.1a

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	118,719	140,324	140,324
FTE	4.00	4.00	4.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Central Administration Division. Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Central Administration Division shall revert to the general fund.

Children, Youth, and Families Division

Sec. 102.5

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	78,750	80,260	130,260
FTE	2.00	2.00	5.50

ITEM
 VETO

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Children, Youth, and Families Division. There is an increase to the Governor's recommendation due to the transfer of \$50,000 and 3.50 FTE positions for the Juvenile Justice Program and Grant Administration from the Department of Management. Language states that no less than \$36,000 shall be spent for expenses relating to the administration of federal funds for juvenile assistance, and that the Governor's Advisory Council on Juvenile Justice shall determine the staffing level necessary to carry out federal and state mandates for juvenile justice. Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Children, Youth and Families Division shall revert to the general fund.

Sec. 114

This Section sunsets the Division of Children, Youth and Families. effective June 30, 1989.

Deaf Services Division

Sec. 102.6

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	226,529	230,869	230,869
FTE	8.00	8.00	8.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Deaf Services Division. Language states that, if the sunset of the Department of Human Rights is not repealed. the appropriation to the Deaf Services Division shall revert to the general fund.

Division For The Blind

Sec. 102.7

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,220,873	1,254.916	1,254,916
FTE	104.59	104.59	104.59

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Division For The Blind. Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Division For The Blind shall revert to the general fund.

Persons With Disabilities Division

Sec. 102.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	109,774	110,394	126,095
FTE	3.00	3.00	3.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Persons With Disabilities Division. There is an increase to the Governor's recommendation due to adding reimbursement of expenses for members of the Persons With Disabilities Commission (815.701). Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Persons With Disabilities Division shall revert to the general fund.

Spanish-speaking People Division

Sec. 102.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	45.990	46.355	57.545
FTE	1.00	1.00	1.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Spanish-speaking People Division. There is an increase to the Governor's recommendation due to adding a part-time Spanish-speaking Administrative Assistant to the Division (\$11,190 and .5 FTE position). Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Spanish-speaking People Division shall revert to the general fund.

Status of Women Division

Sec. 102.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	103,636	106,006	106,006
FTE	2.80	2.80	2.80

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Status of Women Division. Language states that, if the sunset of the Department of Human Rights is not repealed, the appropriation to the Status of Women Division shall revert to the general fund.

HUMAN SERVICES. DEPARTMENT OF

Additional Positions

H.F. 671

Sec. 209

This Section allows the State Hospital Schools and Mental Health Institutes to exceed their specified limit of FTE positions, if related to licensing, certification, or accreditation standards or citations.

Adolescent Pregnancy

Sec. 203.11

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	500.000

This appropriation is for pregnancy prevention programs, communications media campaigns to encourage adolescent responsibility, residential facilities for pregnant adolescents, early pregnancy detection, child care, and teacher training. This legislative initiative was not recommended by the Governor.

Aid to Families with Dependent Children

Sec. 203.1a,b,d-h

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	59,000,000	57,417,619	62,000,000

ITEM
VETO

This appropriation is for the Aid to Families with Dependent Children Program (AFDC). This legislative action represents the Governor's recommendation plus the following additions:

1. A schedule of basic need for AFDC recipients is established, including a 6.5% increase totalling \$5,186,424. \$400,000 is allocated for the implementation of the Emergency Assistance Program. This would allow needy families residing within the state to apply for assistance for emergencies such as foreclosure, utility shut-off, eviction, or natural disasters.
2. The loan and grant requirements under the Individual Education Training Program are eliminated. for an additional cost of \$98,384.
3. A Self-employment Waiver Program is established with \$100,000 to be used to provide technical assistance to AFDC

- recipients seeking self-employment.
4. A \$1,202,427 reduction **due** to rounding.

A total of \$1,000,000 is included for the **Work Incentive Program (WIP)**. This was included in the Governor's recommendation as a separate appropriation. The Department may provide a financial incentive to families choosing to enroll in Health Maintenance Organizations under Medicaid. A Pilot Grant Diversion Program is established in the Des Moines district. Participants shall be placed in jobs where they receive training while earning wages. Employers shall receive financial compensation in return for training provided.

The supplemental FY 1987 appropriation is -8700,000 to AFDC and \$400,000 for WIP.

Supplemental FY 1987

Sec. 221

This Section serves to deappropriate \$1,600,000 from the Aid to Families with Dependent Children Program appropriated in Section 1246.303(1), Acts of 1986.

Aid to Indians

Sec. 203.7

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	35,000	35,000	35,000

This appropriation is for support of the Tribal Council.

Assistance to Gamblers

Sec. 215

Language states that funds received for Gambler's Assistance must be used only for that purpose. 2
VETO FTE positions are authorized for the support of this Program.

Block Grant Supplementation

Sec. 214

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	3,180,000	3,180,000	4,390,000

This appropriation is for Block Grant Supplementation. The legislative action represents the Governor's recommendation to assist counties to provide an array of services to eligible county residents, an additional \$703,700 for provider increases, \$510,000 for a day care allotment increase, and a 83,700 reduction due to rounding.

Language states that the Department is to disregard one-third of all income of persons receiving Social Security Permanent Disability Insurance payments

when determining eligibility for the Social Services Block Grant.

The supplemental FY 1987 appropriation for the Block Grant Supplementation is \$350,000.

Capital Expenditures Excluded

Sec. 229

The funds appropriated in this Act are not to be used for capital acquisitions or improvements.

Child Support Clearinghouse

Sec. 203.5

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	698,064	690,000
FTE	.00	28.00	28.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Child Support Clearinghouse. The legislative action includes a \$8,064 decrease due to rounding.

Child Support Recovery Unit

Sec. 203.4

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,021,642	1,012,845	1,000,000
FTE	112.00	112.00	112.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Child Support Recovery Unit. The legislative action includes a \$12,845 reduction due to rounding.

Community Based Programs

Sec. 219

This Section deappropriates \$500 from the Community Based Programs appropriated in H.F. 355.

Community Based Services

Sec. 203.11

	FY 1987	FY 1986	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,883,000	2,456,000	2,780,300

ITEM VETO This appropriation is for Community Based Services. The legislative action represents the Governor's recommendation plus \$120,000 for the Displaced Homemaker Program, \$50,000 for services to children who are at risk of running away, \$157,100 for provider increases, and a \$2,800 reduction due to rounding.

The supplemental FY 1987 appropriation to Community Based Services is -\$185,000.

Disclaimer of Fair and Equitable Funding Formula

Sec. 208

Nothing in this Act is intended to imply a claim of entitlement to any programs or services specified in Section 225C.28, Code of Iowa.

Employee Damage Reimbursement

Sec. 216

The Department may reimburse employees up to \$150 for each item that is damaged as it pertains to Section 217.23(2), Code of Iowa.

Enhanced Mental Health, Mental Retardation...Developmental Disabilities Services

S.F. 511

Sec. 425

This Section states that nothing in this Act is intended to be the provision of a fair and equitable funding formula specified in the Bill of Rights.

Field Operations

H.F. 671

Sec. 202.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	24,084,154	28,781,396	29,000,000
FTE	2,046.35	2,391.00	2,433.88

This appropriation is for salaries, support, maintenance and miscellaneous purposes of Field Operations. The legislative action represents the Governor's recommendation plus \$419,600 for salaries and support of new programs, and a \$200.996 reduction due to rounding.

Food Stamp Employment and Training

Sec. 203.10

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	465,250	460,000

This appropriation is for support of the Food Stamp Employment and Training Program, as mandated by the federal government. The legislative action includes a \$5,250 reduction due to rounding.

The supplemental FY 1987 appropriation for the Food Stamp Employment and Training Program is \$80,000.

Sec. 218

This Section deappropriates \$20,000 from the Food Stamp Employment and Training Program appropriated in H.F. 355.

Foster Care

Sec. 203.9

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	24,200,000	24,892,053	26,830,000

This appropriation is for foster Care Programs. The legislative action represents the Governor's recommendation plus 832,000 for continued Foster Care Training. \$2,708,100 for provider increases, \$90,000 to extend the eligibility for independent living for youth between ages 18 and 21 years old, a \$680,000 reduction due to a transfer to the Homebased budget for the Family Preservation Pilot Program, and a \$212,153 reduction due to rounding.

Of the funds appropriated, up to 8200.000 may be used to provide supplementary difficulty-of-care per diem rates to providers within the state so as to reduce out-of-state placements, and up to \$30,000 may be used to contract with universities to provide ongoing research and evaluation. Language states that a system for decategorizing the resources provided to counties shall be established for at least 2 counties.

The supplemental FY 1987 appropriation to Foster Care is \$6,900,000.

Sec. 225

This Section appropriates \$3,691,807 to the Foster Care Program appropriated in Section 1246.303(8), Acts of 1986.

General Administration

Sec. 201

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	6,055,150	6,509,454	6,800,000
FTE	339.63	337.45	355.45

ITEM VETO This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Administration Division. The legislative action represents the Governor's recommendation plus \$190,858 for staff for new programs, \$13,420 for Case Management for Early Periodic Screening Diagnosis and Treatment eligible clients, \$92,448 to automate new Title XIX programs, and \$6,180 decrease due to rounding. Legislative oversight language is included in this Section.

Homebased Services

Sec. 203.8

	FY 1987	FY 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	5,219,000	5,219,000	6,400,000

This appropriation is for Homebased Services. The legislative action represents the Governor's recommendation plus \$508,700 for provider increases, a \$600,000 transfer from the Foster Care appropriation for a Family Preservation Pilot Program, and a \$7,700 reduction due to rounding.

The supplemental FY 1987 appropriation to Homebased Services is \$52,116.

Iowa Veterans Home

Sec. 204.2

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	20,646,196	22,098,851	22,000,000
FTE	739.30	764.00	764.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Veteran's Home. The legislative action includes a \$98,851 reduction due to rounding.

Juvenile Institutions

Sec. 204.1

	FV 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	8,311,834	8,469,194	8,470,000
FTE	291.73	298.78	290.78

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Juvenile Home and the State Training School. The legislative action represents an increase of \$806 due to rounding.

Juvenile Justice - County Based

Sec. 203.12

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,100,000	1,200,000	1,200,000

This appropriation is for reimbursements for treatment and transportation to counties for Juvenile Justice.

The supplemental FY 1987 appropriation For Juvenile Justice - County Based is \$900,000.

Local Inpatient Mental Health Reimbursement

Sec. 205.6

	FV 1987	FY 1988	FV 1980
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	200,000

KTEY
VETO This appropriation is to provide partial reimbursement to counties for Local Inpatient Mental Health Care and Treatment. This legislative initiative was not recommended by the Governor.

Medical Assistance

Sec. 203.2

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	128,000,000	137,253,500	138,500,000

ITEM
VETO This appropriation is for Medical Assistance Programs. The legislative action represents the Governor's recommendation plus the following additions: 8200.038 for the implementation of new programs authorized by the Sixth Omnibus Budget Reconciliation Act; \$186,675 for an extension of the Medically Needy Program; \$509,192 for Caretaker Coverage; \$631,346 to increase Intermediate Care Facilities' (ICFs) cap to the 66th percentile starting July 1, 1987; \$467,315 for Aid to Families with Dependent Children increases; \$15,481 for a six month extension of benefits, effective October 1, 1987; and a \$763,551 decrease due to rounding.

ITEM
VETO A Targeted Case Management System shall be developed for pregnant women eligible for Medicaid, and for Early Periodic Screening Diagnosis and Treatment eligible clients, including outreach, follow-up, and recall. The Department shall develop a methodology to evaluate the effectiveness of both the Case Management and Health Maintenance Organization provisions. Of the funds appropriated, up to \$24,000 may be used to develop a new ICF reimbursement system as recommended by the Center For Health Policy Studies, and up to \$377,000 shall be used to develop standards to expand coverage to include Case Management, Day Training, Habilitation, and Substance Abuse. Birth centers may be eligible for reimbursement for prenatal delivery, and postnatal services for women eligible for Medicaid.

The supplemental FY 1987 appropriation to Medical Assistance is \$12,500,000.

Sec. 222

This Section appropriates \$4,500,000 to the Medical Assistance Program appropriated in Section 1246.303(2e), Acts of 1986.

Medical Contracts

Sec. 203.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	2,290,000	2,514,044	2,550,000

This appropriation is for Medical Contract Programs. The legislative action represents the Governor's recommendation plus \$25,000 for implementation costs, \$39,167 for operation costs and a \$28,211 reduction due to rounding.

The supplemental FY 1987 appropriation to Medical Contracts is \$350,000.

Sec. 223

This Section appropriates \$135,400 to the Medical Contracts Program appropriated in Section 1246.303(3), Acts of 1986.

Mental Health and Retardation Services Fund

Sec. 210

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	3,333,000	3,333,000	3,333,000

This appropriation is for Community Based Mental Health and Mental Retardation Services.

Mental Health Institutes

Sec. 205.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	35,020,713	36,086,924	36,000,000
FTE	1,199.71	1,206.46	1,206.46

This appropriation is for salaries, support, maintenance and miscellaneous purposes for Clarinda, Mt. Pleasant, Independence, and Cherokee Mental Health Institutes. The legislative action includes a \$86,924 reduction due to rounding.

Mental Health, Mental Retardation, Developmental Disabilities Services

Sec. 207.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	600,000
FTE	0.0	0.0	10.0

This appropriation is for a plan to reduce the populations at the State Hospital Schools and Mental Health Institutes, development of a

statewide coordinated and integrated client tracking, service inventory and payment system, and salaries and support for 8 field staff and 2 general office staff. This legislative initiative was not recommended by the Governor.

Sec. 207.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	0	0	2,000,000

ITEM VETO This appropriation is for administrative support of regional boards, service coordination, and diagnosis and evaluation services to the Bill of Rights populations.

Protective Day Care Allocation

Sec. 220

This Section deallocates \$500 from the Protective Day Care Program allocated within Community Based Programs in H.F. 355.

Reimbursable Leave Days

Sec. 212

Language states that the Department shall consider 15 leave days as reimbursable units of service for vocational programs serving persons with disabilities. The Department shall adopt administrative rules regarding the accrual of such days.

Reimbursement Rates

Sec. 213

ITEM VETO A continuation of the reductions to medical providers will continue throughout the year with few exceptions. Hospital rates shall be increased on July 1 by 4%. The 3.85% reduction will continue for hospitals until October 1 when the methodology changes to Diagnosis Related Groups. On July 1, Intermediate Care Facilities (ICFs) will have the maximum rate increased to the 66th percentile (\$34.33), based on June 30, 1987 compilation of cost reports. Effective July 1, the reductions on payments to social service providers will discontinue and a 4% increase shall be given.

Rules

Sec. 217

The Department is authorized to use emergency rulemaking procedures for rules related to Section 203. Subsections 1, 2, 3, 8, 9, and 12; Section 205. Subsection 6; Section 206, Subsection 6; Section 211; Section 212; and Section 213 of this Act.

Rural Mental Health Grants

Sec. 205.7

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	0	100,000

ITEM VETO This appropriation is for Rural Mental Health Services. Grants shall be awarded to agencies that provide outreach to Iowans affected by the continued rural economic decline. This legislative initiative was not recommended by the Governor.

Social Services Block Grant

Sec. 226

This Section deappropriates \$42,437 from the Social Services Block Grant Supplementation appropriated in Section 1246.308(1), Acts of 1986.

State Hospital Schools

Sec. 206

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	55,533,511	58,474,054	57,850,000
FTE	2,134.62	2,195.62	2,195.62

This appropriation is for State Hospital Schools. This appropriation represents the Governor's recommendation plus a \$600,000 reduction due to a transfer to the Enhanced Mental Health/Mental Retardation/ Developmental Disability Services for an Institution Population Reduction Study and a \$2.054 reduction due to rounding.

State Supplementary Assistance

Sec. 203.6

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	3,500,000	10,337,500	11,000,000

This appropriation is for State Supplementary Assistance Programs. The legislative action represents the Governor's recommendation plus \$681,100 for provider increases, and a \$18,600 reuaction due to rounding.

The supplemental FY 1987 appropriation to State Supplementary Assistance is \$1,400,000.

Sec. 224

This Section appropriates \$670,000 to the State Supplementary Assistance Program in Section 1246.303(5), Acts of 1986.

Transfer Language

Sec. 203.13

ITEM The appropriations to Aid to Families with Dependent Chi Idren, Medical Assistance, Foster Care

VETO or State Supplemental Assistance shall not be subject to transfer.

Transters Prohibited

Sec. 227

This Section prohibits the Department of Human Services from transferring any funds from specific appropriations to any other programs.

Transportation Payment under Title XIX

Sec. 214

Language states that the Department is to implement a rule under Title XIX which allows for direct payment to a provider of transportation.

Volunteers

Sec. 202.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	68,000	68,000	68,000

This appropriation is for support of the development and coordination of Volunteer Services,

INSPECTIONS AND APPEALS, DEPARTMENT OF

Department of Gaming

H.F. 671

Sec. 425

This Section allows a prize of merchandise, not exceeding \$5 in value or cash, to be awarded for the use of mechanical or electronic amusement devices.

Employment Appeals Board

Sec. 406.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	30,503	29,408	29,400
FTE	2.29	2.29	2.29

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Employment Appeals Board.

Foster Care Review Board

Sec. 406.3

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	132,405	135,893	177,000
FTE	4.00	4.00	5.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Foster Care Review Board. The legislative action represents a 30% increase from the Governor's recommendation. The legislative action provides \$11,188 for Board Member's expenses, \$30,294 for 1 Program Planner to establish and train local

boards, and requires the Foster Care Review Board to review 100% of the foster care cases in the Fifth and Sixth Judicial Districts where pilot programs have been established.

Gaming Division

Sec. 420-421

This Section transfers the responsibilities of the Gaming Division from the Department of Commerce to the Department of Inspections and Appeals.

Sec. 440

This Section deletes the Gaming Division from the Department of Commerce.

General Office

Sec. 406.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	2,746,225	3,333,210	3,197,500
FTE	228.46	233.93	229.93

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Office. The legislative action represents a 3% reduction from the Governor's recommendation. The legislative action requires the Department of Inspections and Appeals to inspect restaurants annually, instead of semiannually, for restaurants scoring 90 points or more on their last 2 inspections. Annual inspections will result in the reduction of 4 FTE positions and a savings of \$100,000. Legislative action transfers the responsibilities of the Gaming Division of the Department of Commerce to the Division of Inspections and Appeals.

Road Use Tax Fund

Sec. 407

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	326,000	326,000	326,000
FTE	11.50	11.50	11.50

This Section appropriates monies from the Road Use Tax fund to reimburse the Department of Inspections and Appeals for salaries, support, maintenance and miscellaneous purposes. Legislative action requires the Department to handle appeals relating to driver's license revocations or suspensions; appeals of Rail and Water Division proceedings; trucking company authority appeals; and motor vehicle dealer licensing and franchising appeals.

IOWA FINANCE AUTHORITY

Homeless Shelters

H.F. 671

Sec. 203.1c

	FY 1987 Approp.	FY 1988 Gov. Recotrm.	FY 1988 Leg. Action
\$	0	0	350,000

ITEM VETO This appropriation is to the Iowa Finance Authority and will be used for rehabilitation, construction or purchase of transitional shelters for homeless families. This legislative initiative was not recommended by the Governor.

IOWA LAW ENFORCEMENT ACADEMY

Judgmental Shooting Training Equipment

S.F. 518

Sec. 1.2

This Section appropriates \$35,000 from the unencumbered and unobligated money remaining in the Law Enforcement Training Reimbursement Fund on June 30, 1987, to the Academy for the purchase of judgmental shooting training equipment. This Section takes effect June 30, 1987.

Officer Examinations and Training

Sec. 2

This Section allows the Academy to charge not more than 50% of the cost of providing cognitive and psychological examinations to law enforcement candidates and also allows the Academy to charge officers not more than 50% of the cost of providing the ten week basic training course. Officers employed by state departments or agencies are exempted from these charges.

Operations

Sec. 1.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	721,462	749,800	749,800
FTE	24.36	24.36	24.36

This appropriation is for salaries, support, maintenance, and miscellaneous purposes for the Academy Operations. The appropriation for the jail training function (\$23,586 in FY 1987) is merged into the Academy's operation budget for FY 1988. Language included in this Section appropriate \$28,200 from the unencumbered and unobligated money remaining in the Law Enforcement Training Reimbursement Fund on June 30, 1987, to the Academy for repairs and equipment replacement specified in the Act. This Section takes effect June 30, 1987.

Performance Objectives

Sec. 1.3

This Section establishes the legislative goals and objectives for the Iowa Law Enforcement Academy and requires the Academy to report on achievement to the Legislative Fiscal Bureau on a quarterly basis.

JUDICIAL DEPARTMENTBudget Process

H.F. 671

Sec. 311

ITEM VETO This Section provides that the estimate submitted by the Supreme Court to the Department of Management shall be included without change by the Governor, the Director of Management, or any other person in the Governor's proposed budget.

General Operations

Sec. 307.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	52,809,767	54,000,000	55,800,000
FTE	1,819.00		

This appropriation funds the General Operations budget of the Judicial Department, including the components of court reorganization previously brought under state funding. The legislative action is based upon adding \$2,000,000 to the Governor's recommendation, minus \$115,000 for the Juvenile Victim Restitution Program. The Judicial Department will determine how this additional funding will be spent. Funds contained in this Subsection may be used to fund any increase in judicial salaries. Not less than \$93,000 shall be spent for the Court-appointed Special Advocate Program.

Sec. 308

This Section provides that of the funds appropriated in Section 307.1 for Judicial Department General Operations, not more than \$1,800,000 may be transferred into the revolving fund established pursuant to Section 602.1302(4), Code of Iowa, to be spent for jury and witness fees. This Section is made effective June 1, 1987 by Section 312 of this Act.

The FY 1987 supplemental appropriation to the Jury and Witness Fee Revolving Fund is \$150,000.

Indigent Defense-Adult

Sec. 307.2

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	10,000,000	8,200,000

This appropriation funds the final component of court reorganization -- Adult Indigent Defense. The legislative action is based upon the Governor's recommendation minus the \$1,800,000 moved to Subsection 4 for juvenile attorney and witness costs.

Indigent Services-Juvenile

Sec. 307.4

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	1,500,000	1,500,000

This appropriation funds court-related services to indigent juveniles. Language is included to the effect that notwithstanding any provision of law to the contrary, the administration of Juvenile Indigent Defense Services shall be transferred to the Judicial Department. The legislative action is based upon the amount that the Department of Human Services estimates will be needed, if the administration of the Program was not transferred.

Juvenile Victim Restitution

Sec. 307.3

	FY 1987	FY 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	115,000

This appropriation funds the Juvenile Victim Restitution Program at the same level as in FY 1987, and contains language providing that the Judicial Department administer the Program. The Program previously was in the Criminal and Juvenile Justice Planning Agency, but has now been transferred to the Judicial Department.

Public Defenders

Sec. 309

This Section contains language providing that Public Defenders Offices currently in operation may not be closed during FY 1988 unless done so at the request of the Chief Judge of the Judicial District. This language is made effective on June 1, 1987 by Section 311 of this Act.

Waiver of Certain Fees

Sec. 312

This Section provides that the fees payable by the county in habitual offender actions pursuant to Section 321.556, Code Of Iowa, are waived.

JUSTICE. DEPARTMENT OF
Consumer Advocate

H.F. 671

Sec. 302

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	0	0	0
FTE	15.00	14.00	21.00

This Section appropriates \$1,154,475 from the Utilities Trust Fund to the Consumer Advocate Office of the Department of Justice, to fund not more than 21 FTE positions, maintenance and operational purposes. This amount is the same as was appropriated for FY 1987 plus 6 FTE and related support.

Contingent Appropriations

Sec. 301.4 and 301.5

These Sections appropriate funds to the Department of Justice contingent upon receipt by the general fund of amounts from a civil judgement. The appropriation allows up to \$95,000 to be spent on anti-trust enforcement under Chapter 553, Code of Iowa, and up to \$50,000 to be spent on public education relating to Consumer fraud and for enforcement of Section 714.16, Code of Iowa.

Dispute Resolution Grants

Sec. 301.8

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	50,000	0	50,000

ITEM This appropriation funds payments of grants to Dispute Resolution Programs under the Prosecuting Attorney Training Program in the Department of Justice.

Farm Mediation Service

Sec. 301.7

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	100,000	300,000	300,000

This appropriation funds the Farm Mediation Service Program in the Department of Justice. The projected expenditure in FY 1987 is \$200,000, which includes \$50,000 in H.F. 355 and \$50,000 transferred from the Department of Agriculture. Borrowers and creditors involved in the Mandatory Mediation Program pay a fee which complements the state funding.

Farmers Legal Assistance

Sec. 301.6

	FY 1987	FY 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	250,000	250,000	250,000

ITEM This appropriation funds the Legal Assistance for Farmers Program in the Department of Justice. The Program is operated under contract with the Legal Services Corporation of Iowa.

General Office

Sec. 301.1

	FV 1987	FV 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	3,365,703	3,458,000	3,500,000
FTE	142.20	141.60	150.60

This appropriation is for salaries and support of not more than 150.6 FTE positions in the General Office of the Department of Justice. The appropriation funds a number of position reclassifications. Total FTE positions are 8.4 more than the current level. The Governor's recommendation funds the Program at the current level of operations minus .6 FTE positions of an investigator. The legislative action restores this cut and allows transfer of some legal staff currently showing on the Table of Organization of the Department of Human Services.

Prosecuting Attorney's Training Council

Sec. 301.2

	FY 1987	FV 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	84,031	74,400	85,000
FTE	2.00	1.42	2.00

This appropriation is for salaries and support of not more than 2 FTE positions in the Prosecuting Attorney's Training Council in the Department of Justice. The legislative action maintains the FTE positions at the current level, which is .58 more than recommended by the Governor.

Prosecutor Internships

Sec. 301.3

	FV 1987	FY 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	48,308	47,000	45,000

This appropriation funds grants to counties for internships in County Attorney's Offices. Counties are required to match the grants.

LEGISLATIVE FISCAL BUREAU

Guaranteed Student Loan Options

S.F. 511

Sec. 424

This Section requires that the Legislative Fiscal Bureau study options for providing Guaranteed Student Loan services. The Legislative Fiscal Bureau shall report their findings to the co-chairpersons and ranking members of the Education Appropriations Subcommittee by November 1, 1987.

LIEUTENANT GOVERNOR. OFFICE OF

Lieutenant Governor

S.F. 511

Sec. 103

	FY 1907	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	106,128	110,018	122,518
FTE	3.00	2.50	2.50

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for the Office of the Lieutenant Governor. The increase represents an additional appropriation for increased travel and anticipated increase in per diem expense. The legislative action represents a 11.4% increase from the Governor's recommendation.

MANAGEMENT. DEPARTMENT OF

Council of State Governments

S.F. 511

Sec. 115.2

	FY 1987	FY 1980	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	44.806	52,500	52,500

Funds are appropriated for the support of the Membership Assessment of the Council of State Governments.

Criminal and Juvenile Justice Planning Agency

Sec. 125

The Section states that the Legislative Fiscal Bureau shall conduct a study and evaluation of the Criminal and Juvenile Justice Planning Agency within the Department of Management and shall report its findings to the General Assembly.

Operations

Sec. 115.

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,436,817	1,609,498	1,354,464
FTE	40.00	41.75	32.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the

Department. The legislative action represents a 15.8% decrease from Governor's recommendation. The Administration Appropriations Subcommittee originally created separate line item appropriations for Program Administration of Justice Assistance Funds, the Statistical Analysis Center, Highway Safety Grant Funds, and established the State/Federal Office as a separate entity from the Department of Management. Legislative action transferred the Program Administration of the Juvenile Justice Program to the Division of Children, Youth and Families in the Department of Human Rights.

This appropriation is made conditional upon the fact that the Office of State/Federal Relations no longer be funded through the Department of Management under a chapter 28E agreement or funded by the Department of Management through its budget.

Salary Adjustment

Sec. 120.5

This Subsection states that the amounts appropriated in Subsections 120.1, 2, 3, and 4 shall be used to fund the annual pay adjustments, expense reimbursements, and related benefits not in conflict with the Code of Iowa as authorized in S.F. 504. the statutory language relating to salary adjustments.

Sec. 121.2

This Subsection states that the Director of the Department of Management shall allocate and distribute each of the amounts specified in this Section to the programs indicated.

This Subsection has language stating that inoneys received by local programs under this Section shall be used to pay the states share of the authorized salary increases for the local program employees,

Sec. 123

This Section states that funds appropriated from the general fund in Sections 120 and 121 of this Act relate only to salaries supported from the general fund appropriations of the state.

Sec. 124

This Section states that a supplemental authorization is provided in an amount necessary to fund salary adjustments provided in S.F. 504 for the Departmental revolving, trust or special funds, except the Primary Road Fund or the Road Use Tax Fund.

Sec. 120.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$		37,909,241	34,763,657

Funds are appropriated to the Salary Adjustment Fund to be distributed to the various Departments to supplement other funds appropriated by the General Assembly to fund the provisions of the collective bargaining agreement for contractual and non-contractual employees.

The differences between legislative action and the Governor's recommendation represents a \$3,145,584 or 8.3% decrease. Part of this difference is due to an error (\$152,560) in the Governor's recommendation.

Section 120.1 contains \$243,100 in appropriation to various public agencies for salary adjustment purposes. The total general fund salary appropriation is \$35,006,757 or \$3,145,584 (8.2%) below the Governor's recommendation.

Transmittal of Budget Message

Sec. 127

ITEM This Section amends Section 8.21. Code of Iowa, by adding an unnumbered paragraph which states the
VETO Governor shall transmit to the General Assembly not later than 7 days following delivery of the budget message to the General Assembly the final bill drafts of the proposed budget expenditures.

NATURAL RESOURCES. DEPARTMENT OF

Allocation of Iowa Plan Fund Appropriation

S.F. 511

Sec. 219

This Section allocates funds appropriated from the Jobs Now Account of the Iowa Plan Fund to the Department of Natural Resources as follows: \$250,000 for grants-in-aid to county conservation boards; \$250,000 only if federal funds are available, for acquisition and development of facilities under the Western Trails Historical Project; \$250,000 for the Union Grove Lake Restoration Development Project; \$40,000 for the Ainrose A. Call State Park Restoration Project; \$615,000 for bike and recreational trail development projects in the Greenbelt area located in or near the Iowa River Corridor; \$165,000 to Marshall County Conservation Board for restoration work including dam repair at Green Castle Lake; \$100,000 for the Civilian Conservation Corps Museum and Memorial at Backbone State Park; and \$35,000 for additional acquisition at Maquoketa Caves Park.

Bridge Construction at Black Hawk State Park

Sec. 218

The Natural Resources Commission shall not authorize the reconstruction of the bridge over the canal at Black Hawk State Park.

Dam Feasibility Study

Sec. 208

This Section appropriates \$40,000 to conduct a feasibility study of constructing a dam at Pine

Lake State Park.

Farmer Advisory Committee

Sec. 224

A Farmer Advisory Committee shall be established for the purpose of providing information to the Department of Natural Resources regarding crop and tree damage caused by deer, wild turkey, and other predators. The committee shall serve without compensation or reimbursement for expenses.

Federal Resource Conservation and Recovery Act Permit Program

Sec. 204.5

The Department's responsibilities as defined in the Code of Iowa relating to implementation of the Federal Resource Conservation and Recovery Act Permit Program for hazardous waste facilities in the state are suspended until June 30, 1989.

Division of Fish and Wildlife

Sec. 205

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	13,462,632	13,769,023	13,769,023

All the funds for this Division are from trust funds. This Section authorizes a transfer from the Fish and Game Protection Fund for salaries, support, maintenance, equipment, and miscellaneous purposes of the Division of Fish and Wildlife. A transfer to the Administration Division of not more than \$2,110,614 is authorized from this amount. Legislative action reflects a 2.3% increase over the FY 1987 appropriation.

This Section authorizes the transfer of \$145,000 from the Snowmobile Trust Fund for enforcement of snowmobile laws. Also authorized is the transfer of \$950,000 of boat registration fees for administration and enforcement of navigation laws and water safety.

Funds remaining in the Fish and Game Protection Fund during FY 1988 which are not specifically appropriated by this Act may be used for capital projects and contingencies that arise during the fiscal year. A contingency may not include any purpose or project which was presented to the General Assembly in the form of a bill and which failed to be enacted into law.

**ITEM
VETO**

Language is included stating that the Law Enforcement Bureau of the Fish and Wildlife Division conform its operations to the mission, goals and objectives provided in this Section and collect information pertaining to the performance measures developed by the Legislative Fiscal Bureau,

FTE Positions Limitation

Sec. 212

Funds appropriated to the Department of Natural Resources under Sections 204. 205 and 206 of this Act, except for the appropriation for the Green Thumb Program, are for salaries and support for not more than 912.36 FTE positions.

Grain Storage Facilities Exemption

Sec. 214

The Department of Natural Resources 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.

Green Thumb Program

Sec. 204.3

	FY 1987	FY 1988	FY 1988
		<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	138,730	200.000	200,000
FTE	12.97	18.68	18.68

This appropriation provides for the employment of persons under the Green Thumb Program. Legislative action reflects a 44.2% increase over the FY 1987 appropriation.

Eligibility

Sec. 222

A person participating in the Green Thumb Program must be 60 years of age or older to be eligible for employment.

Insurance Premium Provisions

Sec. 216

An employee of the Department of Natural Resources who retires after the effective date of this Act is eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement covering the Public Safety Bargaining Unit at the time of retirement if that employee previously served in a position which would have been covered by the Collective Bargaining Agreement.

IPERS Benefits

Sec. 223

This Section appropriates from the Fish and Game Protection Fund to the Department of Personnel an amount sufficient to pay for the additional benefits to conservation peace officers provided by this Section. The cost of the benefits relating to the other conservation peace officers of the Department shall be paid from the general fund.

Marine Fuel Tax Fund

Sec. 206

This Section appropriates 8397,179 from the Marine Fuel Tax Fund for maintenance and development of boating facilities and access to public waters. An additional \$100,000 is appropriated from the Marine Fuel Tax Fund to the Fish and Game Protection Fund for the administration and enforcement of navigation laws and boat safety. The unencumbered or unobligated balances of funds specifically allocated for purposes provided in Section 324.79(1-3) and (5), Code of Iowa, for FY 1988 shall revert to the fund from which it is appropriated on June 30, 1990.

Nature Trail Acquisition

Sec. 213

The Natural Resource Commission shall give priority to the acquisition of private property along the Cedar Valley Nature Trail, the Heritage Trail, the Comet Trail and the Des Moines to Arispe Trail. The Department of Transportation shall provide technical assistance in acquisition proceedings. No state funds will be used unless appropriated by the General Assembly.

Operations

Sec. 204.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	9,625,817	10,118.623	10,149,123
FTE	911.36	911.36	911.36

This Subsection appropriates funds for salaries, support, maintenance, and miscellaneous purposes of Operations. Legislative action reflects a .3% increase over the FY 1988 Governor's recommendation and a 5.4% increase over the FY 1987 appropriation.

Of the amount appropriated, \$33,000 is to be used for Preserves Studies. It is a condition of the funds appropriated, that the Department fund the position of State Ecologist. It is a condition of the funds appropriated by this Subsection that the Department cease Motor Fuel Price Forecasting and Reporting during FY 1988.

Radioactive Waste Compact

Sec. 207

This Section provides a supplemental FY 1987 appropriation of \$105,000 for the payment of assessments to the Midwest Interstate Low-level Radioactive Waste Compact.

Reimbursement of United States Geological Survey

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	185,558	186,169	186,169
FTE	1.00	1.00	1.00

This appropriation is for the reimbursement to federal agencies for cooperative contracts. Legislative action reflects a .3% increase over the FY 1987 appropriation.

Sewage Works-5% Grants

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,865,695	1,399,270	1,278,008

This appropriation provides state grants to communities to assist in the construction of wastewater treatment plant facilities. Legislative action reflects a 8.7% reduction from the Governor's recommendation and a 31.5% reduction from the FY 1987 appropriation.

State Nurseries Subsidy Phaseout

Sec. 217

By July 1, 1989, the Department of Natural Resources shall establish prices of tree seedlings grown at the state forest nurseries to cover all of the expenses directly related to the growing of plant material. The Department shall develop additional programs to encourage the wise management and preservation of existing woodlands, increase efforts to encourage forestation and reforestation on private and public lands, and encourage a cooperative relationship between the state forest nurseries and private nurseries.

Watershed Priority List

Sec. 215

The Natural Resources Commission shall establish a priority list of watersheds above publicly-owned lakes to be used for the allocation of funds set aside in the appropriations to the Department of Agriculture and Land Stewardship for permanent soil conservation practices.

PAROLE. BOARD OF

General Operations

H.F. 671

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	518,402	518,700	515,000
FTE	16.00	16.00	16.00

This appropriation is for salaries and support of

not more than 16 FTE positions, maintenance and miscellaneous purposes at the Board of Parole.

PERSONNEL. DEPARTMENT OF

Federal Old Age Benefit and Iowa Old Age Survivors

Insurance Programs

S.F. 511

Sec. 110.2

	FY 1987	FY 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	150,538	152,272	152,272
FTE	4.75	4.75	4.75

Funds are appropriated for salaries, support, maintenance, and other operational purposes to pay the costs of the administration of Federal Old Age Benefit and Iowa Old Age Survivors Insurance Programs.

General Operations

Sec. 110.1

	FY 1987	FV 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	2,999,720	2,972,233	3,045,213
FTE	96.50	91.25	94.25

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for General Operations. The legislative action represents a 2.5% increase over the Governor's recommendation.

Subsection (a) contains language stating that the Department may expend up to \$69,538 of the funds appropriated in this Subsection for the purpose of investigating worker's compensation claims and expediting the claims process. The Department may not employ more than 2 additional FTE positions annually for this purpose.

Subsection (b) contains language stating that the Department may expend up to \$34,442 of the funds appropriated in this Subsection for the purpose of monitoring trends in unemployment compensation claims and to provide training to Department administrative and supervisory staff in unemployment cost avoidance. The Department may not employ more than 1 additional FTE position annually for this purpose.

Iowa Public Employees' Retirement System Administration

Sec. 111

	FY 1987	FY 1988	FV 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,815,836	2,018,045	2,124,435
FTE		43.25	43.75

Funds are appropriated for salaries, support, maintenance, and other operational purposes to pay the costs of the administration of the Iowa Public Employees' Retirement System (IPERS). The legislative action represents a 5.3% increase over the Governor's recommendation.

This Section includes language stating that the IPERS Division employ sufficient staff within this appropriation provided in this Section to meet the developing requirements of the Investment Program.

Merit Exemption

H.F. 671
Sec. 423

This Section exempts positions within the offices of the elected state officers which were exempt from the Merit System provision prior to July 1, 1986.

PROTECTION AND ADVOCACY AGENCY

H.F. 671
Sec. 426-430

These Sections recognize the Protection and Advocacy Agency as an agency legally authorized and constituted to ensure the health and safety of mentally retarded and people with developmental disabilities. An Inspector may enter any licensed health care facility to examine all records pertaining to the care provided residents of the facility. If an Inspector is denied entrance for examination purposes, then the Inspector with the assistance of the County Attorney, may petition the District Court for an owner or occupant to permit entry and inspection of the premises. It shall be the duty of the Department of Human Services, State Fire Marshal, and the officers and agents of other state and local governmental units, and the designated protection and advocacy agency to assist the Department in carrying out their provisions. Upon receipt of a complaint the Department or a Care Review Committee shall make a preliminary review of the complaint. If the committee finds reason to pursue the complaint, it shall within 20 days of receipt of the complaint make or cause to be made an on-site inspection of the health care facility.

PUBLIC DEFENSE. DEPARTMENT OF

S.F. 518
Sec. 3.1

	FY 1987 Approp.	FV 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	3,249,730	3,221,000	3,221,000
FTE	142.05	142.05	142.05

This appropriation is for salaries, support, maintenance, and miscellaneous purposes for the

Military Division, Disaster Services, and Veterans Affairs. Language is included which specifies that the per capita annual allowance to guard units will be \$5 per capita. The allowance, paid from funds appropriated for the support and maintenance of the National Guard, shall be for morale purposes and for the welfare of the troop.

War Orphans Educational Aid Fund

Sec. 3.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	14,278	15,200	15,200

The Governor's recommendation and legislative action reflect funding for 38 eligible students.

PUBLIC EMPLOYMENT RELATIONS BOARD

General Office

H.F. 671
Sec. 408

	FY 1987 Approp.	FV 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	551,531	541,656	575,000
FTE	13.00	12.10	13.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the General Office of the Public Employment Relations Board. The legislative action represents a 6.2% increase over the Governor's recommendation. The legislative action adds \$6,657 for professional and administrative support services to process and mediate contested cases and contract disputes. It adds 826.929 for .4 FTE position Secretary and .5 FTE position Labor Relations Examiner for formal adjudication of state merit grievances.

PUBLIC HEALTH. DEPARTMENT OF

Central Administration

H.F. 671

Sec. 105.1

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	782,156	850,187	820,082
FTE	53.00	54.00	53.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Administration Division. There is a decrease from the Governor's recommendation due to subtracting 3% in non-direct services (\$14,215) and from Vital Records (\$15,890 and 1 FTE position).

Dental Examiners Board

Sec. 105.5

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	114,848	115,848	115,848
FTE	2.00	2.00	2.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Dental Examiners Board.

Disease Prevention Division

Sec. 105.3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,152,478	1,586,163	1,581,738
FTE	58.10	57.60	57.60

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Disease Prevention Division. There is a decrease from the Governor's recommendation due to subtracting 3% in non-direct services (\$4,425). Language states that the Department shall develop a plan for the distribution of childhood vaccines. The plan shall designate the public agencies authorized to receive, administer, and dispense the vaccines and shall encourage the public agencies to set up a voluntary system to defray the costs of the "Vaccine Program. Inability to pay a fee shall not prohibit a person from receiving the vaccine.

Family and Community Health Division

Sec. 105.11a

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,559,950	2,124,353	2,147,108
FTE	47.00	63.50	65.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Family and Community Health Division. There is an increase to the Governor's recommendation due to subtracting 3% in non-direct services (\$3,245), subtracting \$24,000 due to the deletion of the Lead Poisoning Prevention Program in S.F. 513, and adding a Lead Abatement Program (\$50,000). The 1.5 FTE positions recommended by the Governor for Well-elderly Clinics is included in this Division. Language states that the Division shall allocate \$622,908 for the Birth Defects and Genetic Counseling Program, specifies that \$39,600 of these funds shall be allocated for a Central Birth Defects Registry Program, and the Counseling Program shall apply a sliding fee scale and these fees shall be considered repayment receipts to be used For the Program

This Section allocates to the University of Iowa Hospital and Clinics money for Programs under the Iowa Specialized Child Health Care Services. These include:

Mobile and Regional Child Health Specialty Clinics-\$308,411

Muscular Dystrophy and Related Genetic Disease Programs-\$125,322

Statewide Perinatal Program-\$41,635

Of the \$308,411 for Specialty Clinics, 868,536 shall be used for a Specialized Medical Home Care Program for children who require technical medical care in the home.

This Section states that the University of Iowa Hospital and Clinics shall not receive an allocation for indirect costs and the Department of Public Health shall administer the statewide Maternal and Child Health Program and the Crippled Children's Program.

Homemaker Program - Salary Adjustment

S.F. 511

Sec. 121.1d

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$		100,600	100,600

Funds are appropriated for local homemaker/chore service programs for salary adjustment purposes.

Decentralized Indigent Obstetrical Patient Program

H.F. 671

Sec. 105.11f

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	1,100,000	1,100,000	700,000

This appropriation is for the Decentralized Indigent Obstetrical Patient Program. There is a decrease from the Governor's recommendation due to anticipated carry-over from the .FY 1987 appropriation to this Program.

S.F. 511

Sec. 411

This Section reallocates funds appropriated to the FY 1987 Indigent Obstetrical Fund. From this fund \$300,000 is appropriated for the statewide expansion of the Maternal and Child Health Centers with the Family and Community Health Division of the Department of Public Health and 877,560 through the University of Iowa Hospitals and Clinics to supplement Mobile and Regional Child Health

Specialty Clinics. These funds can be carried over into FY 1988 and any funds remaining in the Indigent Obstetrical Fund carry over into FY 1988.

Homemaker Program
H.F. 671

Sec. 105.11d
Program

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 7,188,869	7,188,869	7,323,869

This appropriation is for grants to County Boards of Supervisors for the Homemaker-home Health Aide Program. There is an increase to the Governor's recommendation (\$135,000). Language includes a definition of "chore services" and the stipulation that up to 15% of the appropriation may be used for such services, definitions of an "elderly person," "homemaker-home health aid services," "low income person," and "protective services." sets the minimum of time for direct services by direct services workers and the maximum of cost for service and agency administration. requires the subcontracting agency to pay the employer's share of Social Security, worker's compensation coverage, and any other applicable legal employer/employee relationship requirements. defines the allocation formula and with whom the local boards shall contract the services, specifies the reallocating of funds, the rules, the use of a sliding fee scale and requires the Department of Public Health to submit an annual report.

Public Health Nursing Program
Sec. 105.11c

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 2,147,659	2,147,659	2,147,659

This appropriation is for grants to local Boards of Health for the Public Health Nursing Program. Language includes a definition of "elderly" and "low-income", duplication of services, reallocation of funds, using a sliding fee scale, and requiring the Department of Public Health to submit an annual evaluation of the Public Health Nursing Program.

S.F. 511
Sec. 121.1c

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	30,100	30,100

Funds are appropriated to local boards of health receiving in-home health care grants for salary adjustment purposes.

Sexual Abuse Investigations

H.F. 671

Sec. 109

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 55.014	55.014	55.000

This Section allocates \$55,000 for the Sexual Abuse Investigations Program from the Victim Reparation Fund of the Department of Public Safety. as required under Section 709.10, Code of Iowa.

Sec. 113

This Section contains a technical change to the Code of Iowa enabling payment of Sexual Abuse Investigations to be paid from the Victim Reparation Fund.

SIDS Autopsies

Sec. 105.11b

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 14.278	14,278	14.278

This appropriation is for reimbursing counties for expenses resulting from autopsies of suspected victims of Sudden Infant Death Syndrome required under Section 331.802(j), Code of Iowa.

Well-elderly Clinics

Sec. 105.11e

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 205,957	411,914	380,957
FTE 0.00	1.50	0.00

This appropriation is for the development and maintenance of Well-elderly Clinics in the state. There is a decrease in the Governor's recommendation due to subtracting \$30,957 from the proposed expansion of the Program. The 1.5 FTE positions for this program are reflected in the Family and Community Health Division. Language states that clinics located in those counties which provide a match will receive priority in allocations.

Health Data Commission

Sec. 105.10

<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$ 0	0	250.000

This appropriation is for funding the Health Data Clearinghouse of the Health Data Commission. There is an increase from the Governor's recommendation

due to the funding of the Clearinghouse (3250.000). Language states that the Health Data Commission shall collect data from each state that includes the professional education and training requirements, scope of practice and method of insurance reimbursement for each of the health care professions which are licensed in the State of Iowa. The Health Data Commission shall consult with the Legislative Council for the purposes of the study and shall issue a report of its findings by December 1, 1987.

Health Planning Division

Sec. 105.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	207,405	1,343,068	1,340,695
FTE	15.00	16.50	16.50

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Health Planning Division. There is a decrease from the Governor's recommendation due to subtracting 3% in non-direct services (\$2,373). Language allocates \$895,041 for the Chronic Renal Disease Program.

Sec. 112

This Section contains a technical change to the ILEM Code of Iowa relating to Health facilities Council VETO member's salary.

Licensing Boards Examination Expenses

Sec. 110

This Section provides a mechanism by which the licensing boards under the Department of Public Health may expend additional funds for examination over their appropriation. The Department of Management shall approve the encumbrance or expenditures of these additional funds.

Medical Examiners Board

Sec. 105.6

	FV 1987	FV 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
5	628,282	834,648	834,648
FTE	14.00	18.00	18.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Medical Examiners Board.

Nursing Board

Sec. 105.7

	FV 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	538,269	535,958	535,958
FTE	15.30	15.00	15.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Nursing Board.

Organ Transplant

Data

Sec. 108

This Section states that the Commission shall require the Director of Public Health and the Commissioner of Human Services to gather data regarding human organ and tissue transplant needs and occurrences in the state to assist in the ongoing development and review of organ transplant policy.

Policy

Sec. 107

This Section requires the Department of Public Health and the Department of Human Services to create a 13 member Commission which will develop a written state plan for human organ and tissue transplants within Iowa and make recommendations to the General Assembly. The state plan shall designate those transplant procedures eligible for reimbursement under Title XIX. The reimbursement shall be limited to nonexperimental human organ and tissue transplantation procedures and services as provided under Title XVIII of the Federal Social Security Act. The Commission shall adopt the state plan by January 1, 1988. The Department of Human Services shall adopt administrative rules to implement the state plan and the Department of Public Health shall adopt rules addressing organ donor protocols for hospitals. If federal requirements have the effect of denying equal access to centers, the Commission shall modify its state plan and the Department of Human Services shall adopt rules consistent with federal policy.

Services

Sec. 106

This Section requires the Department of Public Health to adopt rules requiring a certificate of need review of organ transplant services which have been or will be performed in or through an institutional health facility after July 1, 1987. Organ transplant services do not include routine transplants, and each type of organ transplant will be considered separately.

Pharmacy Examiners Board
Sec. 105.8

	FY 1907	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	362,865	372,995	372,995
FTE	9.00	9.00	9.00

ITEM VETO This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Pharmacy Examiners Board. Language states that the four Examining Boards of Dental, Nursing, Medical and Pharmacy plus the Professional Licensing Boards shall adjust their fees so that, as nearly as possible, projected receipts equal projected costs and each board will be on a revolving trust fund basis beginning in FY 1989.

Professional Licensure
Sec. 105.4

	FY 1907	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	460,770	465,160	465,160
FTE	11.00	11.00	11.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Professional Licensure Division.

Substance Abuse Division
Sec. 105.9a

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	523,582	477,511	477,511
FTE	13.00	11.00	11.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Substance Abuse Division.

Substance Abuse Program Grants
Sec. 105.9b

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	6,931,123	6,931,120	6,931,120

This appropriation is for Substance Abuse Program Grants.

Program Grants - Salary Adjustment
S.F. 511

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$		97,000	97,000

Funds are appropriated to the substance abuse treatment facilities for salary adjustment purposes.

PUBLIC SAFETY, DEPARTMENT OF
Administration

S.F. 518

Sec. 4.1a

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,804,467	1,957,800	1,957,800
FTE	42.75	45.75	45.75

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the Department and Criminal Justice Information System, and includes \$30,800 and 1 FTE position for the State Medical Examiner's Office.

Automated Fingerprint Identification System

Sec. 5

This Section appropriates from the unencumbered and unobligated money remaining in the Law Enforcement Training Reimbursement Fund on June 30, 1987, all remaining funds after Section 1, Subsection 1 and 2, and Section 4. Subsection 4. paragraphs b and c are funded. This appropriation is for the acquisition of an Automated Fingerprint Identification System (AFIS). The FY 1987 funding was appropriated from lottery funds. The Automated Fingerprint Identification System Computer Committee, as established in the 1986 Iowa Acts, shall be maintained. Language in this Section appropriates from the unencumbered and unobligated money credited to the Law Enforcement Training Reimbursement Fund during FY 1988, an amount such that the total appropriation in this Section from the fund shall not exceed \$500,000.

Capitol Security

Sec. 4.3

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	792,309	008,500	808,500
FTE	31.00	31.00	31.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes of the Capitol Security Office.

Communications

Sec. 4.1b

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	2,587,576	2,612,000	2,612,000
FTE	79.50	79.00	79.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes relating to Radio Communications. Language is included which states the balance carried forward in a fund created from assessing a \$100 civil penalty against persons whose drivers licenses are revoked under Chapter 321.8. Code of Iowa, may be used to provide salary and support for not more than 8.5 FTE positions, and maintenance for the victim compensation functions of the Department of Public Defense.

Division of Criminal Investigation

Sec. 4.4a

	FV 1987	FV 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	5,010,605	5,516,000	5,099,675
FTE	134.00	139.00	136.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes of the Division of Criminal Investigation, including the state's contribution to the Peace Officers' Retirement, Accident, and Disability System provided in Chapter 97A, Code of Iowa. Legislative action reflects a decrease of \$416,325 and 3 FTE positions from the Governor's recommendation which included funding for 6 new Drug Enforcement Officers and related support items.

Sec. 4.4c

This Section appropriates from the unencumbered and unobligated money remaining in the Law Enforcement Training Reimbursement Fund on June 30, 1987. \$200,000 for salaries, support, maintenance, and miscellaneous purposes for the Division of Criminal Investigation. This appropriation combined with the appropriation in Section 4.4(a), total \$5,299,675, which is \$216,325 less than the Governor's recommendation.

Fire Marshal

Sec. 4.2

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	1,105,733	1,138,500	1,138,500
FTE	32.00	32.00	32.00

This appropriation is for salaries, support, maintenance and miscellaneous purposes of the State Fire Marshal Office, including the state's contribution to the Peace Officer's Retirement, Accident, and Disability System provided in Chapter 97A, Code of Iowa.

Highway Patrol

Sec. 6.1

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	18,258,115	19,256,000	19,352,000
FTE	440.00	440.00	442.00

This appropriation from the Road Use Tax Fund is for salaries, support, maintenance, and miscellaneous purposes of the Highway Safety Patrol, including the Federal Highway Safety Act Program, and the state's contribution to the Peace Officers' Retirement, Accident, and Disability System provided in Chapter 97A, Code of Iowa. Legislative action increased the Governor's recommendation by \$96,000 by adding 2 additional Vehicle Theft Officers. Language is included providing that employees who retire after July 1, 1986, are eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement in effect at the time of retirement if that employee previously served in a position which would have been covered by that agreement.

Sec. 17

This Section amends Section 80.4, Code of Iowa, by eliminating the maximum allowed FTE positions in the Highway Safety Patrol.

Mobile Vehicle Repeaters and Radios

Sec. 6.2

This Section appropriates \$840,000 from the Road Use Tax Fund for the purchase of 409 mobile vehicle repeaters and radios to be placed in new motor vehicles used by members of the Iowa Safety Patrol below the rank of lieutenant for patrolling highways. The Governor recommended an appropriation of \$097,000 for 437 mobile vehicle repeaters and radios.

Pari-Mutuel Enforcement

Sec. 44d

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	236,257	180,900	180,900
FTE	6.00	4.00	4.00

This appropriation is for salaries, support, maintenance, and miscellaneous purposes of the Division of Criminal Investigation for Pari-Mutuel Enforcement, including the state's contribution to the Peace Officers' Retirement, Accident, and Disability System provided in Chapter 97A, Code of Iowa.

Salary Adjustment

S.F. 511

Sec. 120.3

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$		565,918	565,918

Funds are appropriated from the Road Use Tax Fund to the Department of Public Safety for salary adjustment purposes.

Undercover Funds

S.F. 518

Sec. 4.4b

This Section appropriates from the unencumbered and unobligated money remaining in the Law Enforcement Training Reimbursement Fund on June 30, 1987, \$200,000 for undercover purchases by the Division of Criminal Investigation and local law enforcement agencies. The Governor recommended a \$300,000 appropriation from the general fund for undercover purchases.

Victim Reparation Fund

Sec. 24

Language is included concerning the separate fund created from assessing a \$100 civil penalty against persons whose drivers licenses are revoked under Chapter 321.8, Code of Iowa. The language would amend the Code of Iowa by specifying any balance in the fund on June 30 of any fiscal year exceeding 850,000 shall revert to the general fund. This Section takes effect June 30, 1987.

REGEN-IS. BOARD OFClassroom Teachers Collective Bargaining

S.F. 511

Sec. 471.472

The classroom teachers at the Iowa School for the Deaf and the Iowa Braille and Sight Saving School are authorized to be accredited to any approved employee organization for the purposes of collective bargaining.

Indigent Obstetrical Patient Quotas

Sec. 427-29, 32-47, 73

These Sections establish the Decentralized Indigent Obstetrical Patient Program. Counties are assigned a quota they can use to provide indigent births locally and apply for reimbursement to the Department of Public Health. Patients residing in nine counties surrounding Iowa City shall continue to receive services at University of Iowa Hospitals.

Iowa Braille and Sight Saving School

Sec. 408.6

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	2,762,492	2,632,055	2,632,055
FTE	102.45	95.33	95.33

Funds are appropriated to provide an education to visually impaired children of the State for whom a residential placement is judged appropriate by providing individualized instruction consistent with the plan identified in the individualized education program. The Governor's recommendation and legislative action represent a \$130,437 (4.7%) decrease from the FY 1987 funding level.

Iowa School for the Deaf

Sec. 408.5

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	4,878,884	4,669,620	4,669,620
FTE	157.70	135.30	135.30

Funds are appropriated to provide to the profoundly deaf and hearing impaired population of the State of Iowa an educational and social environment conducive to their respective needs in order that this segment of the population can enter the complex world with confidence and reassurance. The Governor's recommendation and legislative action represent a \$209,264 (4.3%) decrease from the FY 1987 funding level.

Iowa State University (ISU)

Sec. 408.3a

	FY 1987	FY 1988	FY 1988
	Approp.	Gov. Recomm.	Leg. Action
\$	104,336,724	105,974,261	107,873,792
FTE	3,775.00	3,675.00	3,775.00

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes for Iowa State University. Legislative action is a \$3,537,068 (3.4%) increase over FY 1987. A portion of this increase is to be used for the following: \$259,000 for professional and scientific staff salary increases; 885,000 for graduate students

\$200,000 for FV 1988 through FV 1989 to the Department of Natural Resources for administration of a groundwater monitoring program at sanitary landfills;

8320,000 for FY 1988 through FY 1990 to the Iowa State Water Resources Research Institute for competitive grants for the development of research and education programs regarding alternative disposal methods and groundwater protection;

\$1,610,000 for FV 1988 through FV 1989 to the Department of Natural Resources for demonstration projects for landfill alternatives to solid waste disposal;

\$800,000 for FV 1988 to the Leopold Center for Sustainable Agriculture;

\$7,500,000 over five years to the Agriculture Energy Management Fund to develop programs in integrated farm management, public and farmer education, and applied studies;

\$3,100,000 over five years to the Department of Natural Resources to continue the Big Spring Demonstration Project; and

\$300,000 for FY 1988 through FY 1990 to the Department of Agriculture and Land Stewardship for a targeted education program on management practices and closure of agriculture drainage wells, abandoned wells and sinkholes.

NOTE: Appropriations from the Oil Overcharge Account are denoted by "OOA" in the Disposition of Receipts section of the Summary Table.

Trust Funds

REVENUE ESTIMATES: H.F. 631 increases receipts from fees currently deposited in the Fertilizer Trust Fund and the Pesticide Trust Fund by raising fees and expanding the coverage of the fee requirements. The estimated increases in revenue to the Fertilizer Trust Fund include:

1. \$61,000 in fertilizer license fees from the inclusion of an estimated 6,100 manufacturers and sellers of specialty fertilizers in the licensing requirements. There was no change in the current license fee of \$10.
2. \$56,250 in small package fertilizer registration fees from a \$75 increase in the current fee of \$25. There are currently 750 small package registrants.
3. \$300,000 in fertilizer inspection fees from

the inclusion of an estimated 6,000 sellers of specialty fertilizer. There was no change in the current inspection fee of \$50.

The estimated increases in revenue to the Pesticide Trust fund include:

1. \$186,000 in pesticide registration fees from the portion of the increase in the fee that is deposited in the Pesticide Trust Fund as described under the revenue assumptions of the Agriculture Management Account.
2. \$260,000 in pesticide dealer's annual license fees from the broadening of the definition of a pesticide dealer as described under the revenue assumptions of the Agriculture Management Account.
3. \$296,667 in pesticide certification fees from an increase in the certification fee for commercial applicators from a \$10 fee every three years to a \$25 annual fee. Currently, there are 5,584 certified commercial applicators. H.F. 631 broadens the definition of a commercial applicator to include employees. It is estimated that 15,000 applicators will be certified starting in FY 1988.

DISPOSITION OF TRUSTS: The increased fees deposited in the Fertilizer Trust Fund and the Pesticide Trust Fund as a result of this Act are appropriated to the Department of Agriculture and Land Stewardship for the administration and implementation of the pesticide and fertilizer programs.

of Environmental Contamination, and \$200,000 is appropriated annually to the Department of Agriculture and Land Stewardship for demonstration projects regarding agriculture drainage wells and sinkholes. The remaining moneys in the Account are appropriated on a percentage basis for the following purposes:

35% annually to the Leopold Center for Sustainable Agriculture;

2% annually to the Department of Natural Resources for administration of the private wells program;

23% annually to the Department of Natural Resources for grants to counties for private, rural water supply testing programs;

6% annually to the State Hygenics Laboratory to assist in well testing;

12% annually to the Department of Natural Resources for grants to counties for abandoned, rural water supply well closing programs;

9% annually, beginning in FY 1989, to the Center for Health Effects of Environmental Contamination; and

13% annually to the Department of Agriculture and Land Stewardship for financial incentives programs, studies, and administrative costs associated with agriculture drainage wells and sinkholes. Of this 13% allocation, \$50,000 is appropriated in FY 1988 to the Department of Natural Resources for grants to county conservation boards for projects regarding noxious weeds within highway right-of-way.

Household Hazardous Waste Account

REVENUE ASSUMPTIONS: The Household Hazardous Waste Account receives funds from a permit fee based on gross retail sales which is imposed on sellers of household hazardous materials. It is estimated that up to 40,000 retailers will be subject to the license fee. Using an average license fee of \$25, approximately \$1,000,000 would be generated in receipts for deposit in the Household Hazardous Waste Account.

DISPOSITION OF ACCOUNT: Of the total receipts deposited in the Household Hazardous Waste Account, \$2,000 is appropriated annually to the Department of Public Health, \$80,000 is appropriated annually to the Department of Natural Resources for recycling and reclamation events, and \$8,000 is appropriated in FY 1988 to the Department of transportation for a used oil collection pilot

project. The remaining moneys in the Account shall be used for the Toxic Cleanup Days programs, education programs and other activities required under Chapter 455, Code of Iowa including the administration of the household hazardous materials permit program by the Department of Revenue and Finance.

Storage Tank Management Account

REVENUE ASSUMPTIONS: The Storage Tank Management Account receives funds from a one-time registration fee on underground storage tanks and an annual storage tank management fee. The current registration fee is raised from \$5 to \$10 per tank and includes tanks of under 1,100 gallon capacity that have been brought into use after July 1, 1987. No estimate is available on the amount of revenue that may be generated from the registration fee but it is expected to be negligible. The storage tank management fee is \$15 per tank and is expected to raise \$450,000, based on 30,000 tanks. In FY 1988, \$136,000 will be deposited in the Account from the unspent balance of registration fees collected prior to July 1, 1987.

DISPOSITION OF ACCOUNT: Of the total receipts deposited in the Storage Tank Management Account, \$1,000 is appropriated annually to the Department of Public Health. \$25,000 is appropriated in FY 1988 to the Division of Insurance of the Department of Commerce for costs related to the plan of operations program, and 70% of the moneys in the account is appropriated annually to the Department of Natural Resources for administration of the Storage Tank Management Program. Any remaining funds are appropriated annually to the Department of Natural Resources for remedial cleanup efforts.

Oil Overcharge Account

REVENUE ASSUMPTIONS: The Oil Overcharge Account receives funds from the Energy Conservation Trust Fund which are approved by the United States Department of Energy for the energy related components of the groundwater protection strategy and which are appropriated by the General Assembly.

DISPOSITION OF ACCOUNT: H.F. 631 appropriates 317,500,000 from the Oil Overcharge Account over five years, beginning in FY 1988, contingent upon appropriations by the General Assembly to the Account from the Energy Conservation Trust Fund. These appropriations include:

\$3,110,000 over five years to the Department of Natural Resources to implement the activities in the General Provisions section;

\$560,000 for FY 1988 to the Department of Natural Resources for rural, private water supply quality assessments;

GROUNDWATER PROTECTION

H.F. 631

Establishes measures to improve and protect groundwater quality and to manage substances which pose health and safety hazards. A Groundwater Protection Fund is created with six accounts: Solid Waste Account, Agriculture Management Account, Household Hazardous Waste Account, Storage Tank Management Account, and Oil Overcharge Account.

Solid Waste Account

REVENUE ASSUMPTIONS: The Solid Waste Account receives funds from the tonnage fee charged for solid waste received and disposed of at sanitary landfills. H.F. 631 increases the tonnage fee from **\$.25 to \$1.50**, effective July 1, 1988, and provides for an annual increase of **\$.50** per ton through July 1, 1992. An estimated **1,730,400** tons of waste is disposed of annually in landfills. Beginning in FY 1989, the **\$1.50** per ton fee will raise an estimated **\$2,595,600**. Each additional annual increase of **\$.50** per ton will generate an estimated **\$865,200**.

DISPOSITION OF ACCOUNT: H.F. 631 allocates the funds in the Solid Waste Account based on the tonnage fee. Of the first **8.50** per ton collected from the **\$1.50** fee, **88,000** is appropriated annually to the Department of Public Health. **\$.06** per ton is appropriated for FY 1989 and FY 1990 to the Waste Management Authority, **\$.14** per ton is appropriated annually to the Small Business Assistance Center. The remainder of the first **\$.50** per ton is appropriated annually to the Department of Natural Resources for development of groundwater monitoring guidelines for abatement and cleanup and, by FY 1991, for administration and enforcement of solid waste management programs.

The remaining **\$1.00** per ton of the **\$1.50** fee is divided equally in FY 1989 between the Department of Natural Resources for demonstration projects for landfill alternatives and the local agencies for solid waste plan development. In FY 1990 and subsequent fiscal years, the remaining **\$1.00** per ton of the initial **81.50** fee is allocated in total to the Department of Natural Resources for demonstration projects.

Each **\$.50** per ton annual increase is allocated for specific uses. In FY 1990, the additional **\$.50** per ton is allocated to local agencies for solid waste plan development. Starting in FY 1991, each additional **8.50** per ton is divided between demonstration projects (**\$.35** per ton) and local agencies (**\$.15** per ton).

The increase in the tonnage fee from **8.25** per ton to **\$1.50** per ton is not effective until July 1, 1988. H.F. 631 allocates any funds collected under

the current fee of **\$.25** per ton in the following way: **\$.06** of each **\$.25** per ton fee is appropriated to the Waste Management Authority; **\$50,000** of the total fees collected is appropriated to the Small Business Assistance Center; and the remainder of the money collected is appropriated to the Department of Natural Resources for the development of guidelines for groundwater monitoring at sanitary disposal projects.

Agriculture Management Account

REVENUE ASSUMPTIONS: The Agriculture Management Account receives funds from 3 sources:

1. Fertilizer tonnage fee based on nitrogen content with a **\$.75** per ton fee on fertilizer with an **82%** nitrogen solution as a base. The fee is expected to raise **\$700,000** annually. Receipts were estimated using **1986** fertilizer application data and assuming a **20%** reduction in fertilizer use from **1986** levels.
2. The current pesticide registration fee is raised from **\$20** per product to a fee based on gross sales with a minimum fee of **\$250** and a maximum fee of **\$3,000**. The fee is expected to generate annual receipts of **\$3,010,000**. Currently, **6,200** products are registered. The receipts estimate is based on the assumption that **200** products will be withdrawn from the market. **550** products will be assessed the maximum fee, and the remaining products will be assessed the minimum fee. Of the estimated receipts, **\$310,000** will be deposited in the Pesticide Trust Fund (or **\$186,000** over current receipts) and **\$2,700,000** will be deposited in the Agriculture Management Account.
3. The current pesticide dealer's annual license fee is changed from a **\$25** fee to a fee based on **.1%** of gross retail sales of all pesticide sold. There is a minimum fee of **\$25**. The new fee does not go into effect until July 1, 1988. The fee is expected to generate **\$310,000** in FY 1988 and **\$500,000** in subsequent years. Currently, there are **2,040** licensed pesticide dealers. H.F. 631 broadens the definition of a pesticide dealer. It is estimated that **12,400** dealers will be licensed starting in FY 1986. Of the estimated receipts, **\$310,000** will be deposited in the Pesticide Trust Fund (or **\$260,000** over current receipts) and, starting in FY 1989, **\$190,000** will be deposited in the Agriculture Management Account.

DISPOSITION OF ACCOUNT: Of the total receipts deposited in the Account, **\$9,000** is appropriated annually to the Department of Public Health. **\$79,000** is appropriated for FY 1988 for a report on the establishment of the Center for Health Effects

AGRICULTURAL MANAGEMENT ACCOUNT DISPOSITION AND RELATED PROGRAMS FUNDED BY OIL OVERCHARGE ACCOUNT

		FY 1908	FY 1989	FY 1990	FY 1991	FY 1992
DEPARTMENT OF NATURAL RESOURCES - Private Well Testing						
	OOA	3	560,000	\$ 0	\$ 0	\$ 0
	AMA		718,060	777,630	777,630	777,630
Abandoned Well Closing			373,440	405,720	405,720	405,720
Private Well Program Administration			62,240	67,620	67,620	67,620
Noxious Weed Study			50,000	0	0	0
Big Spring Demonstration Project	OOA		700,000	700,000	500,000	500,000
DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP-Agriculture Drainage Wells and Sinkholes						
Education Program	OOA	3	100,000	3 100,000	\$ 100,000	\$ 0
Administration/Financial Incentives	AMA		354,560	439,530	439,530	439,530
Demonstration Projects	AMA		200,000	200,000	200,000	200,000
			\$ 654,560	\$ 739,530	\$ 739,530	\$ 639,530
STATE HYGENICS LABORATORY		3	186,720	\$ 202,860	\$ 202,860	\$ 202,860
CENTER FOR HEALTH EFFECTS OF ENVIRONMENTAL CONTAMINATION			79,000	304,290	304,290	304,290
LEOPOLD CENTER FOR SUSTAINABLE AGRICULTURE						
	AMA		1,089,200	1,183,350	1,183,350	1,183,350
	OOA		800,000	0	0	0
AGRICULTURAL ENERGY MANAGEMENT FUND	OOA		1,500,000	1,500,000	1,500,000	1,500,000
DEPARTMENT OF PUBLIC HEALTH			9,000	9,000	9,000	9,000
Balance in Agricultural Management Account			277,780	0	0	0
			\$ 7,060,000	\$ 5,890,000	\$ 5,890,000	\$ 5,590,000

HOUSEHOLD HAZARDOUS WASTE ACCOUNT DISPOSITION

DEPARTMENT OF NATURAL RESOURCES						
Household Hazardous Waste Program		3	835,000	\$ 843,000	\$ 843,000	\$ 843,000
Recycling and Reclamation Events			80,000	80,000	80,000	043,000
DEPARTMENT OF REVENUE & FINANCE			75,000	75,000	75,000	75,000
DEPARTMENT OF TRANSPORTATION			8,000	0	0	0
DEPARTMENT OF PUBLIC HEALTH			2,000	2,000	2,000	2,000
		8	1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

STORAGE TANK MANAGEMENT ACCOUNT DISPOSITION

DEPARTMENT OF NATURAL RESOURCES - Storage Tank Program						
Remedial Cleanup			\$ 410,200	3 315,000	\$ 315,000	\$ 315,000
			149,800	134,000	134,000	134,000
DEPARTMENT OF COMMERCE - Plan of Operations Program			25,000	0	0	0
DEPARTMENT OF PUBLIC HEALTH			1,000	1,000	1,000	1,000
			\$ 586,000	\$ 450,000	\$ 450,000	3 450,000

OIL OVERCHARGE ACCOUNT FUNDING FOR GENERAL PROVISIONS SECTION

DEPARTMENT OF NATURAL RESOURCES - General Provisions	OOA		\$ 860,000	\$ 650,000	\$ 600,000	\$ 500,000
						\$ 500,000

PESTICIDE AND FERTILIZER TRUST FUND PROGRAMS

DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP			\$ 1,159,917	\$ 1,159,917	\$ 1,159,917	\$ 1,159,917
Pesticide/Fertilizer Program						

TOTAL DISPOSITION			<u>\$12,078,517</u>	<u>\$12,795,517</u>	<u>\$12,660,717</u>	<u>\$13,025,917</u>
						<u>\$13,891,117</u>

ESTIMATED RECEIPTS INTO ACCOUNTS IN THE GROUNDWATER PROTECTION FUND AND EXISTING TRUSTS

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
SOLID WASTE ACCOUNT (SWA)					
	8 432,600	\$ 2,595,660	8 3,460,800	8 4,326,000	\$ 5,191,200
	(\$.25/ton)	(\$1.5/ton)	(\$2/ton)	(\$2.5/ton)	(\$3/ton)
AGRICULTURAL MANAGEMENT ACCOUNT (AMA)					
Fertilizer Fee (based on % Nitrogen)	\$ 700,000	8 700,000	\$ 700,000	8 700,000	8 700,000
Pesticide Registration (\$250-\$3,000)	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Pesticide License (1/10 of 1%)	0	190,000	190,000	190,000	190,000
	8 3,400,000	\$ 3,590,000	8 3,590,000	\$ 3,590,000	\$ 3,590,000
HAZARDOUS WASTE ACCOUNT (HWA)	8 1,000,000	\$ 1,000,000	\$ 1,000,000	8 1,000,000	8 1,000,000
(\$25/permit)					
STORAGE TANK MANAGEMENT ACCOUNT (TMA)	8 586,000	\$ 450,000	\$ 450,000	\$ 450,000	8 450,000
(\$15/tank)					
OIL OVERCHARGE ACCOUNT (OOA)	\$ 5,500,000	8 4,000,000	\$ 3,000,000	\$ 2,500,000	\$ 2,500,000
FERTILIZER TRUST FUND					
Fertilizer License Fee					
(\$10 on specialty fertilizer)	8 61,000	\$ 61,000	\$ 61,000	\$ 61,000	\$ 61,000
Fertilizer Registration Fee (\$100)	56,250	56,250	56,250	56,250	56,250
Fertilizer Inspection Fee					
(\$50 on specialty fertilizer)	300,000	300,000	300,000	300,000	300,000
	8 417,250	\$ 417,250	\$ 417,250	\$ 417,250	\$ 417,250
PESTICIDE TRUST FUND					
Pesticide Registration (\$250-\$3,000)	\$ 186,000	\$ 186,000	\$ 186,000	\$ 186,000	\$ 186,000
Pesticide License (1/10 of 1%)	260,000	260,000	260,000	260,000	260,000
Pesticide License Fee					
(\$25/year on commercial applicators]	296,667	296,667	296,667	296,667	296,667
	\$ 742,667	\$ 742,667	8 742,667	\$ 742,667	\$ 742,667
TOTAL RECEIPTS	<u>\$ 12,078,517</u>	<u>\$ 12,795,517</u>	<u>\$ 12,660,717</u>	<u>\$ 13,025,917</u>	<u>\$ 13,891,117</u>

DISPOSITION OF RECEIPTS**SOLID WASTE ACCOUNT DISPOSITION AND RELATED PROGRAMS FUNDED BY OIL OVERCHARGE ACCOUNT**

	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
DEPARTMENT OF NATURAL RESOURCES					
Groundwater Monitoring	OOA \$ 100,000	\$ 100,000	\$ 0	\$ 0	\$ 0
Solid Waste Program	270,776	511,120	511,120	614,944	614,944
Alternative Demonstration Projects					
	OOA 760,000	050,000	0	0	0
	SWA 0	865,200	1,730,400	2,941,680	3,547,320
LOCAL AGENCIES - Plans	\$ 0	8 065,200	\$ 065,200	8 519,120	8 778,680
IOWA STATE WATER RESOURCE RESEARCH INSTITUTE	OOA 120,000	100,000	100,000	0	0
WASTE MANAGEMENT AUTHORITY	103,824	103,824	103,824	0	0
UNIVERSITY OF NORTHERN IOWA - Small Business Assistance	50,000	242,256	242,256	242,256	242,256
DEPARTMENT OF PUBLIC HEALTH	0	8,000	8,000	8,000	8,000
	\$ 1,412,600	8 3,645,600	\$ 3,560,800	\$ 4,326,000	\$ 5,191,200

GROUNDWATER PROTECTION SUMMARY

Sec. 68

Section 68 makes reference to the supplemental weighting provision for Non-english-speaking pupils in Section 52.

Whole Grade Sharing

Sec. 27

Section 27 makes references to the Whole Grade Sharing provisions that are established in Sections 60 through 62 of this Act:

Sec. 54

Section 54 makes references to the Whole Grade Sharing provisions that are established in Sections 60 through 62.

Sec. 59-63

Sections 59 through 63 define and make provisions for one-way and two-way Whole Grade Sharing Agreements between school districts.

working Committee on School Finance

Sec. 74

Section 74 establishes a Working Committee to study the School Finance Formula, and make recommendations for the purpose of enacting a new Finance Formula during the 1989 Legislative Session.

Year Around Schools

Sec. 31

Section 31 establishes Pilot Projects for a year-around-3-semester school year. Students would not be required to attend more than 2 of the 3 semesters. The costs of the Pilot Projects are to be reimbursed from the general fund, if an appropriation is made for that purpose.

FISCAL EFFECT: The number of Pilot Projects authorized for approval, and the costs eligible for reimbursement, have not been specified under the proposal. Therefore, an estimate of the proposed Projects cannot be made. No appropriation has been made for the Pilot Projects for FY 1988.

NONPUBLIC SCHOOL TRANSPORTATION REIMBURSEMENTS

S.F. 41

Sec. 1-5

This Act reinstates a provision for providing transportation reimbursements to parents of children attending nonpublic school. For the 1986-07 school year only, parents may be reimbursed for transporting 2 family members attending elementary school, and 1 family member attending high school. For each year thereafter, parents may be reimbursed for 3 family members attending elementary school, and 1 family member attending high school. This Act provides for a supplemental reimbursement for mileage if the residence is more than 4 miles from the school of attendance. The total amount available for supplemental reimbursement is the

difference between the amount appropriated through the Parent Reimbursement Formula, and the total amount actually needed to reimburse claims.

ASSUMPTIONS

The state average-cost-per-pupil-transported, the number of students being provided transportation, and the number of elementary and high school children per family claiming reimbursement will remain at or near the same.

FISCAL EFFECT: The changes from the present reimbursement practices will not increase the total expenditures for parent reimbursement. The appropriation through the Parent Reimbursement Formula is assumed to remain constant. Therefore, the difference between the Program prior to July 1, 1986 and the future will only effect the total amount available for supplemental reimbursements. Of the total \$1.027 million appropriation, \$136,000 is available for supplemental reimbursements for FY 1987 and 382,000 will be available for supplemental reimbursements for FY 1988.

School AccreditationSec. 26

Section 26 replaces the current school accreditation process with a two-phase process to begin with the **1988-89** school year. Phase I requires all school districts and nonpublic schools to submit accreditation compliance forms to the Department of Education. The Department would further monitor schools by conducting visits at least once per annum. If a school is found to be in noncompliance, or if a petition is filed requesting phase II of the process, an Accreditation Committee would conduct an onsite visit and revisit, make a determination, and make recommendations.

FISCAL EFFECT: Since onsite Committee visits to all schools would no longer be required, the costs associated with the accreditation process would be greatly reduced from current law. The administrative costs to the Department have been included in the Department appropriation.

Sec. 28

Section 28 strikes the requirement from the accreditation process that all schools must be reviewed once every 3 years.

Services to School DistrictsSec. 44-15

Sections 44 and 45 enable Area Education Agencies (AEAs) to provide services to school districts and other AEAs under a contractual agreement.

Sharing Interscholastic ProgramsSec. 53

Section 53 allows school districts to share interscholastic programs even though they do not share academic programs. Interscholastic sharing alone does not qualify a school district for supplementary weighting.

Student Achievement GoalsSec. 56

Section 56 establishes a requirement that each school district adopt Student Achievement goals.

Study of Open EnrollmentSec. 76

Section 76 directs the State Board of Education to study the feasibility of enacting open enrollment legislation.

Superintendent's TermSec. 48

Section 48 allows a school district to employ a superintendent for 3 years unless the Board is under obligation to pay a former superintendent under an unexpired contract.

Task Force on the Role of TeachersSec. 73

Section 73 establishes a **Task Force** to study the role of teachers and the requirements of teacher preparation programs.

Teacher Sabbatical ProgramSec. 32

Section 32 establishes a Teacher Sabbatical Program beginning with the **1988-89** school year. Under this Program, teachers with at least 7 years of experience may apply for up to a 1 year sabbatical leave with the Department of Education. If approved, the teacher would receive regular compensation from the school district through a grant from the state.

FISCAL EFFECT: The amount appropriated for the Sabbatical Program in Section **491.4, S.F. 511**, is **\$200,000**. Assuming an average salary for those eligible is **325,000**, approximately **8** sabbatical leaves could be funded in **FY 1988**.

Temporary CertificatesSec. 33

Section 33 allows the issuance of temporary certificates only if a school district or nonpublic school is unable to hire a certificated teacher or enter into a sharing agreement with another school to fill the vacancy.

FISCAL EFFECT: It is not possible to determine whether the number of temporary certificates issued would be reduced under this provision. There would, however, be no fiscal impact to the general fund nor to property taxes.

Weighting for Non-english-speaking PupilsSec. 52

Section 52 allows school districts to assign an additional weighting of **0.2** per each student identified as Non-english-speaking. The additional weighting is added to the district's weighted enrollment beginning with the **1988-89** school year.

ASSUMPTIONS

There are approximately **3,350** pupils enrolled in public schools this year who have been identified as Non-english-speaking. There will be an estimated additional **100** to **200** students identified as Non-english-speaking in **1987**. At an allowable growth rate of approximately 2%, foundation support for the **1988-89** school year will be **\$2.262** per pupil.

FISCAL EFFECT: This provision would increase state aid by **31.61** million.

if the standards required by the National Board for an Iowa endorsement either meet or exceed the standards outlined in the Iowa Administrative Rules.

Open Enrollment

Sec. 55

Section 55 allows parents to enroll their children in a contiguous school district. if the district of residence does not meet a minimum high school curricula requirement, either alone or through a sharing agreement. The student may not participate in interscholastic activities. and the school district of residence must pay the receiving district the lower of the two district's district-cost-per-pupil.

Sec. 64

Section 64 allows persons to appeal a decision by the School Board regarding the open enrollment provisions in section 55.

Organizational Meeting of School Board

Sec. 47

Section 47 changes the organizational meeting of a school board to the first regular meeting after a regular school board election.

Plans for Restructuring Area Education Agencies and Merged Area Schools

Sec. 25

Section 25 adds to the State Board of Education's duties by requiring it to develop plans for reducing the number of AEAs from 15 to 12, and to study the governance structure of Merged Area Schools.

Plans for Teacher Preparation Programs

Sec. 24

Section 24 adds to the State Board of Education's duties by requiring it to develop plans for the approval of teacher preparation programs, and plans for providing assistance to newly graduated teachers. The plans are to be submitted to the General Assembly on or before October 1, 1988.

FISCAL EFFECT: This Section would require the development of rules for the approval of teacher preparation programs. and would require the development of proposals for assistance to newly graduated teachers. These tasks would require approximately \$10,000 to 815,000. based on the costs of similar plan development by the Department of Education. There would also be costs associated with both the approval process and with the implementation of a new Teacher Internship Program, although an estimate cannot be made at the present time,

Postsecondary Enrollment Options Act

Sec. 35-43

Sections 35 through 43 create a new Chapter, 261C, Code of Iowa, which would allow 11th and 12th grade students to enroll in courses at postsecondary institutions. They may receive both high school and college credit for the courses. The amount of tuition and cost reimbursement to the postsecondary institution is to be determined by the school district in conjunction with the institution. A student cannot be charged tuition and fees.

FISCAL EFFECT: It is not possible to determine the number of courses taken which would be reimbursable, nor is it possible to determine the amount of the reimbursement. There would, however, be no fiscal impact to the general fund nor to property taxes since the reimbursements would be charged against a school district's current general fund budget.

Publication Requirements

Sec. 49-50

Sections 49 and 50 expand the publication requirements of school districts by requiring all districts to publish Board proceedings after every Board meeting. The schedule of bills allowed may be published monthly rather than with the Board proceedings. The maximum fee for such publications remains at the current maximum of three-fifths of the legal publication fee for FY 1988. For FY 1989 the maximum fee is increased to three-fourths of the legal publication fee, and for FY 1990 the maximum fee is the legal fee.

FISCAL EFFECT: Since the proposal does not change the mechanism for financing publications. there would be no impact to the general fund of the state nor to property taxes. There would, however, be increased costs to school districts. Expanding the publication requirements, coupled with increasing fees for publication would result in many school district's expenditures for publications tripling at a minimum.

Publication Requirement Appeal and Education Efficiencies

Sec. 78

Section 78 repeals a publication requirement of school districts.

Review of Instructional Programs

Sec. 77

Section 77 reinstates a provision allowing a parent or guardian to file for a review with the State Board of Education concerning the appropriateness of an instructional program offered by the school district.

salaries up to the minimum and to pay the employer's share of the cost of benefits. Each year after the 1987-88 school year, the amount of the minimum salary supplement paid to school districts and Area Education Agencies will be reduced on a pro rata basis if the number of teachers are reduced.

ASSUMPTIONS

Teacher salaries will increase **5%** next year from the 1986-87. The number of teachers and their relative placement on the salary schedule will not depart significantly from 1986-87.

FISCAL EFFECT: The estimated cost to the state of Phase I for the 1987-88 school year is \$9.5 million.

Phase 2

Sec. 7-10

Phase II provides additional funds to school districts and Area Education Agencies (AEAs) to increase other teacher salaries. The total amount appropriated for allocation is \$38.5 million (Section 491.5, S.F. 511). For the first 3 school years, the monies are allocated to school districts based on their 1986 certified enrollments, and to AEAs based on their 1986 enrollments served. School districts are allocated \$75.93 per pupil and AEAs are allocated \$3.55 per pupil served.

Phase 3

Sec. 11-23

Phase III provides funds to school districts and Area Education Agencies (AEAs) for performance-based and/or supplemental pay plans. The monies may also be used to extend the contracts of vocational agriculture teachers. The monies are allocated to school districts and AEAs in a manner similar to the allocation of Phase II funds. A school district or AEA must submit plans to the Department of Education and receive approval in order to implement a plan based on Phase III funds.

ASSUMPTIONS

The September 1986 certified headcount is 482,208. The 1986 enrollment served by AEAs is 529,019. The total amount appropriated to the Educational Excellence Fund will be available for allocation.

FISCAL EFFECT: Since Phases I and II must be fully funded first, the amount available for Phase III allocations is \$43.5 million. From this amount, school districts will be allocated \$85.82 per pupil and AEAs will be allocated \$4.01 per pupil.

Enactment Dates

Sec. 79

Section 79 refers to various enactment dates in this Act.

Enrollment Outside District of Residence

Sec. 65

Section 65 would allow 11th or 12th grade pupils to complete high school in the school district in which they resided in the preceding year even though they no longer reside in the district. Those pupils would continue to be counted in that district's basic enrollment for the purpose of calculating the district's budget.

Factors in School District Restructuring Appeal

Sec. 75

Section 75 outlines factors that must be considered by the State Board of Education in a school district restructuring appeal.

Intercollegiate Athletic Programs

Sec. 57

Section 57 prohibits vocational schools and community colleges that do not currently have an Intercollegiate Athletic Program in place from adding one.

Modified Block Scheduling

Sec. 2930

Sections 29 through 30 establish 1 year Pilot Projects where 2 or more school districts may share teachers through the use of modified block schedules. The proposal allows for the approval of 4 Pilot Projects per year, and provides for an appropriation sufficient to cover the costs of sabbatical leaves for displaced certificated personnel, for in-service training for all personnel involved in the Projects, and for other approved costs associated with the Projects.

ASSUMPTIONS

Four Projects would be approved and the Projects would result in the temporary displacement of 5 teachers per Project. The average salary of the displaced teachers would be \$20,000. Thirty teachers per Project would be involved in in-service training, and the training would be for a period of 10 days.

FISCAL EFFECT: Across the 4 Pilot Projects, the costs associated with displaced teacher sabbaticals would be 3400,000. The cost of in-service training would be 3144,000. The total impact to the general fund would be 3544,000. However, no appropriation has been made for the Pilot Projects for FY 1988.

National Certification

Sec. 34

Section 34 requires the Board of Educational Examiners to issue a teaching certificate to teachers who hold a certificate issued by the National Board for Professional Teaching Standards,

EDUCATIONAL EXCELLENCE AND EFFICIENCIES

Additional Enrichment

H.F. 499

Sec. 69-71

Sections 69 through 71 increase the additional enrichment amount that a school district may raise from 10% to 15% of the state cost-per-pupil times its budget enrollment beginning with the 1988-89 school year. The additional amount may be used to offset budget reductions incurred in Sections 66 and 67. The maximum property tax rate is increased from \$1.08 to \$1.62 per \$1,000 of assessed valuation. The maximum income surtax rate is increased from 20% to 30%.

FISCAL EFFECT: In FY 1987, 62 school districts raised an additional enrichment amount totaling \$3.95 million. Of the 62 districts, 45 are imposing taxes at the maximum rates. If all 62 districts imposed the maximum taxes, the enrichment amount would increase \$2.55 million. The total enrichment if all 436 districts imposed the maximum would increase from \$129.2 million to \$193.8 million. Under the 15% maximum, 13 districts would have to limit their enrichment amount due to the maximum 30% surtax rate or due to the maximum \$1.62 levy rate, or both.

Administrative Sharing

Sec. 72

Section 72 limits the total additional weighting that may be added by school districts for sharing administrators to 25 pupils.

FISCAL EFFECT: Currently, school districts may each add a maximum additional weighting of 15. If 2 districts share an administrator, the maximum decrease in state aid that would be experienced by each district would be 2.5 times the state foundation support per pupil, or only \$5,513. However, the provision would provide a disincentive to school districts for sharing administrators between 3 or more districts.

Budget Enrollment Calculations

Sec. 66-67

Sections 66 through 67 change the methods of calculating a school district's budget enrollment. Beginning with the 1989-90 school year, the percentage of the September 1978 certified enrollment used to calculate the budget enrollment is changed from 25% to 20%. The percentage of the larger of the basic or budget enrollment used is changed from 75% to 80%. The Budget Guarantee is reduced from 102% to 101.5% for the 1988-89 school year; the Guarantee is further reduced to 101% for every year thereafter.

ASSUMPTIONS

The September 1986 certified enrollment was 482,208 and will decline 1% each year thereafter. The allowable growth rate for the 1987-88 school year will be approximately 2%. The December 1986 Special Education weighting was 37.867 and will remain constant through 1988-89. The September 1986 supplemental weighting was 1,409 and will remain constant through the 1988-89 school year.

FISCAL EFFECT: The provisions will reduce state aid by approximately \$4.02 million.

Compensation to School Board Member's Spouses

Sec. 46

Section 46 allows the spouses of School Board Directors to receive compensation directly from the School Board.

Discrimination In Intercollegiate Athletic Programs

Sec. 58

Section 58 adds to the Merged Area Schools Board of Directors' duties a provision to ensure that discrimination does not take place in Intercollegiate Athletic Programs.

Early Retirement Incentives

Sec. 51

Section 51 allows school districts to levy a property tax for early retirement incentives if the total cost of the incentives does not exceed the total savings due to the Program.

FISCAL EFFECT: Although it is not possible to estimate the impact on property taxes, it is reasonable to expect that school districts would elect to levy a tax under this provision based on current levying practices. Under Section 1192.7, Acts of 1986, a school district is authorized to levy for retirement incentives in the 1987-88 school year only for monies to be expended within a 5 year period. In total, school districts will levy \$2.2 million under the provision; most have levied for only a 1 year Program.

Educational Excellence Program

Sec. 1-3

Sections 1 through 3 establish an Educational Excellence Program in 3 Phases beginning with the 1987-88 school year. Monies appropriated in House File 511 Section 491.5 will be deposited in the Educational Excellence Fund established in Section 3 of this Act. The monies are to be used for salary improvements for K-12 nonadministrative certificated staff employed by school districts and Area Education Agencies.

Phase 1

Sec. 4-6

Sections 4 through 6 establish a minimum teacher salary. Phase I increases minimum teacher salaries to \$18,000 per year. Funding is used to bring

TREASURER, OFFICE OF
Deposits of Lottery Proceeds

S.F. 515

Sec. 2

This Section amends Section **99E.10(1)**, unnumbered paragraph **3**, Code of Iowa, stating that Lottery proceeds shall be transferred to the Iowa Plan Fund on a monthly basis.

Sec. 3

This Section amends Section **99E.20(2)**, Code of Iowa, stating that monthly proceeds of Lottery revenues shall be certified before the twentieth of each month resulting from the previous month's Lottery sales.

Quarterly Reporting to Legislative Fiscal Bureau .

Sec. 13

This Section amends Section 99E.32, Code of Iowa, requiring all agencies, commissions, and boards which receive moneys from the Iowa Plan Fund to report financial and program information to the Legislative Fiscal Bureau on a quarterly basis.

Requesting Funds in Iowa Plan Fund

Sec. 12

These Sections amend Section 99E.32(7), Code of Iowa, eliminating the 30 day notice requirement agencies must fulfill to receive funds in the Iowa Plan Fund deposited in the respective accounts.

IOWA STATE UNIVERSITY

Small Business Development Centers

S.F. 515

Sec. 10-11

These Sections amend Section 99E.32(5), paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Small Business Development Centers - \$825,000

Water Resource Research Institute

Sec. 9

this Section amends Section 99E.32(4), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Education/Agriculture Research and Development Account:

Water Resource Research Institute - \$ 50,000

LOTTERY BOARD

Lottery Advertising

S.F. 515

Sec. 1

This Section amends Section 99E.9, Code of Iowa, stating that the Board shall consider Iowa-based agencies when making decisions relating to the advertising and marketing of the Iowa Lottery.

NATURAL RESOURCES, DEPARTMENT OF

Park, Recreation, and Wildlife Area Grants

S.F. 515

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Park, Recreation, and Wildlife Area Grants - \$2,000,000
(This appropriation was amended in S.F. 511, Section 219.)

PEACE INSTITUTE, IOWA

S.F. 515

Sec. 9

This Section amends Section 99E.32(4), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Education/Agriculture Research and Development Account:

Salaries, support, and maintenance - \$250,000
(These funds may only be used if the Institute matches the appropriation on a dollar for dollar basis. State funds shall not be used for construction or purchase of real property.)

Acceptance of Public Funds and Gifts

Sec. 19

This Section states that the Iowa Peace Institute may accept gifts, grants, state funds, and federal funds.

Duties of Peace Institute Board

Sec. 18

This Section states the duties of the Governing Board of the Iowa Peace Institute.

Institute as Nonprofit Corporation

Sec. 17

This Section establishes the Iowa Peace Institute as a nonprofit corporation.

Membership of Peace Institute Board

Sec. 16

This Section states the membership of the Governing Board of the Iowa Peace Institute.

Purposes of Institute

Sec. 15

This Section creates the Iowa Peace Institute and states the purposes of the Institute.

PUBLIC DEFENSE, DEPARTMENT OF

Algona Armory

S.F. 515

Sec. 10-11

These Sections amend Section 99E.32(5), paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Algona Armory construction - \$50,000

Denison Armory

Sec. 10-11

These Sections amend Section 99E.32(5), paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Denison Armory construction - \$50,000

Procurement Office - \$100,000

Product Development Fund

Sec. 7-8

These Sections amend Section **99E.32(3)**, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Product Development Fund - \$1,500,000

Research and Development Grants

Sec. 5

This Section amends Section **99E.31(4)**, paragraph a, Code of Iowa, establishing an Applied Research Grant Program within the Research and Development Grant Program. The Section identifies the grant applicants, the targeted areas of research, and the grant criteria.

Sec. 9

This Section amends Section **99E.32(4)**, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Education/Agriculture Research and Development Account:

Research and Development Grants - \$7,000,000

(Of which the first \$4,250,000 shall be allocated to Iowa State University for biotechnology research, 8500.000 allocated to Iowa State University for agriculture product development, and \$250.000 allocated to University of Northern Iowa for the Decision Making Institute.)

Satellite Centers

Sec. 7-8

These Sections amend Section **99E.32(3)**, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Satellite Centers - \$1,125,000

(Of which \$190,000 shall be used for rural development programs.)

Sec. 14

This Section amends Section **28.101(2)**, unnumbered paragraph 1, Code of Iowa, stating that the regional coordinating councils shall have sole authority in hiring the Director of the Center.

Small Business Research Grants

Sec. 7-8

These Sections amend Section **99E.32(3)**, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Small Business Research Grants - \$250,000

(Of which \$50,000 shall be used for a Small Business, Information Center.)

Welcome Centers

Sec. 10-11

These Sections amend Section **99E.32(5)**, paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Welcome Centers - \$2,000,000

(Of which \$60,000 shall be used for the establishment of rural centers to be located in or near communities with populations less than 5,000. Communities are required to equally match state funds.)

EDUCATION. DEPARTMENT OF

Job Training Fund

S.F. 515

Sec. 7-8

These Sections amend Section **99E.32(3)**, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Job Training Fund - \$1,000,000

GENERAL SERVICES. DEPARTMENT OF

Capitol Complex Construction/Renovation

S.F. 515

Sec. 10-1

These Sections amend Section **99E.32(5)**, paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Capitol Complex Construction/Renovation - \$2,750,000

(Of which \$750,000 shall be used to fund equipment and moving costs associated with the new Historical Building.)

IOWA PLAN FUND

FY 1988 Appropriations to 4 Accounts

S.F. 515

Sec. 6

This Section amends Section **99E.32(1)**, paragraphs a and b, Code of Iowa, appropriating funds for the 4 accounts in the Iowa Plan Fund for FY 1988:

1. Jobs Now Capital Account - \$6,675,000;
2. Community Economic Betterment Account - \$10,000,000;
3. Jobs Now Account - \$8,375,000; and
4. Education and Agriculture Research and Development Account - \$7,400,000.

AGRICULTURE AND LAND STEWARDSHIP. DEPARTMENT OF
Public/Private Marketing Partnerships

S.F. 515

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Public/Private Marketing Partnerships - 8300.000

World Ag Expo Grant

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

1988 World Ag Expo Grant - \$100,000

COLLEGE AID COMMISSION

Forgivable Loans Program

S.F. 515

Sec. 9

This Section amends Section 99E.32(4), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Education/Agriculture Research and development Account:

FY 1987 funds allocated to the Forgivable Loans Program Account shall not be expended, but shall be transferred and used for the Commission's Summer Institute Program during FY 1988.

CULTURAL AFFAIRS. DEPARTMENT OF

Community Culture Grants

S.F. 515

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Community Cultural Grants - \$675,000
(This appropriation was amended in S.F. 511, Section 410.)

ECONOMIC DEVELOPMENT, DEPARTMENT OF

Business Incubators

S.F. 515

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Business Incubators - \$300,000

Community Economic Betterment Account Grant Criteria

Sec. 4

This Section amends Section 99E.31(2), unnumbered paragraph 2, Code of Iowa, containing the criteria to be used by the Department in ranking applications for grants.

Conservation Corps

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Conservation Corps - \$750,000
(Of which \$500,000 shall be used for a Summer Jobs Program.)

Sec. 22

This Section repeals Section 1190(10), Acts of 1986, which appropriates Lottery proceeds for the Conservation Corps for FY 1987 through FY 1990.

Labor Management Council

Sec. 10-11

These Sections amend Section 99E.32(5), paragraphs c and h, Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Capital Account:

Labor Management Council - \$125,000
(Funds for this appropriation are transferred from FY 1987 funds allocated to the Legislative Council for operations of the World Trade Advisory Committee.)

Legislative Oversight-Community Economic Betterment Account (CEBA) Grants

Sec. 20

This Section states the goals, objectives, and performance indicators for Community Economic Betterment Account Grants for FY 1988 as part of legislative oversight functions.

Main Street Program

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Main Street Program - 8275.000

New Business Opportunity Program

Sec. 21

This Section amends Section 99E.22(2), paragraph h, Code of Iowa, enacted by H.F.355. Section 29, Acts of Iowa, requiring that the Department establishes a New Business Opportunity Program within the Community Economic Betterment Grant Program for FY 1987 and FY 1988. The Department may allocate \$1,000,000 for each fiscal year for the new Program.

Procurement Office

Sec. 7-8

These Sections amend Section 99E.32(3), Code of Iowa, appropriating funds to the following Program for FY 1988 from the Jobs Now Account:

Salary Adjustment to Merit, Merit-exempt and Judicial Pay Plans

Sec. 11.1

States that the Merit System Pay Plan, the Merit Exempt Pay Plan and the Judicial Pay Plan shall be increased for employees not covered in a Collective Bargaining Agreement in FY 1988 by 2%, effective June 26, 1987. In addition to these increases, employees may receive merit increases or the equivalent of a merit increase.

Salary Adjustment for Professional/Managerial Employees

Sec. 11.4

States that each appointing authority shall determine the percentage increase for each Professional and Managerial employee's salary. However, the average percentage increase for all Professional and Managerial employees shall not exceed the average increase as found in Section 11.1 of this Act.

Salary Ranges for Appointed, Nonelected State Officers

Sec. 5-6

States that the Governor shall establish a salary for Appointed, Nonelected State Officials within the ranges established in Section 6 by considering, among other items, the experience of the individual in the position, changes in the duties of the position, the incumbent's performance of assigned duties, and subordinate's salaries.

Section 6 assigns the following salary ranges to Appointed, Nonelected State Officials whose salaries are set by the Governor.

FY 1987 Ranges		FY 1988 Ranges	
Division Administrators			
Range 1	\$ 6,000-18,200	1	\$ 6,200-18,800
Range 2	21,800-36,400	2	22,600-37,600
Range 3	30,400-42,400	3	31,000-43,800
Range 4	36,400-48,600	4	37,600-50,300
Range 5	42,400-54,600	5	43,800-56,500
Department Directors			
Range 1	33,000-44,000	6	34,000-45,500
Range 2	42,000-55,000	7	43,500-57,000
Range 3	48,000-64,000	8	49,700-66,200

Salary Rates

Sec. 1.1

States that the salary rates specified in this Section are effective for FY 1988 and for subsequent fiscal years until otherwise provided by the General Assembly. Salaries provided for in this Section shall be paid from funds appropriated to the Department or Agency specified in this Section pursuant to any act of the General Assembly or, if the appropriation is not sufficient, from

the Salary Adjustment Fund.

University of Northern Iowa - Distribution of Salary Adjustment Funds

Sec. 12.5

States that the Collective Bargaining Representatives for the faculty and other employees at the University of Northern Iowa, shall determine the distribution of the faculty's allocation of Salary Adjustment Funds which are provided in excess of the amount necessary to fund the Collective Bargaining Agreement.

ELECTED OFFICIALS

	<u>Current Salary</u>	<u>Effective July 1, 1987</u>
Governor	\$ 64,000	\$ 70,000
Attorney General	54,000	62,500
Auditor	41,000	50,000
Secretary of Agriculture	41,000	50,000
Secretary of State	41,000	50,000
Treasurer	41,000	50,000

Sec. 4

States that the Elected Officials, Justices and Magistrates shall not receive any additional salary adjustments provided by this Act.

Salaries of Justices and Magistrates

Sec. 2.1

States that the salary rates specified in this Section for Justices and Magistrates are effective for FY 1988 and for subsequent fiscal years until otherwise provided by the General Assembly. The salaries provided for in this Section shall be paid from funds appropriated to the Department which the person represents.

Sec. 2.2

Makes the following changes in the salaries of Justices and Magistrates:

JUDICIAL BRANCH

	<u>Current Salary</u>	<u>Effective July 1, 1987</u>
Supreme Court		
Chief Justice	3 66,200	\$ 70,900
Justices (8)	60,900	65,200
Appeals Court		
Chief Justice	59,100	63,300
Justices (5)	57,800	61,900
District Court		
Chief Justice (8)	56,500	60,500
Justices (99)	54,000	57,800
Associates (39)	44,800	48,000
Magistrates (168)	12,500	13,400

Salary Adjustment to Various State Departments and Agencies

Sec. 10

States that funds appropriated to the Salary Adjustment Fund to various state Departments and Agencies shall be used to fund the following annual pay adjustments, expense reimbursement and benefits not in conflict with the Code of Iowa:

- The Collective Bargaining Agreements negotiated pursuant to Chapter 20 for employees in the blue collar, public safety, security, technical, professional fiscal and staff, University of Northern Iowa faculty,

clerical, social services, community-based corrections, and judicial branch bargaining units.

- Those employees referred to in Sections 11 and 12 of this Act who are not covered by a Collective Bargaining Agreement.

Salary Adjustment for Employees Exempted from Chapter 19A

Sec. 11.2

States that employees who are exempt from Chapter 19A and who are included in the Department of Revenue and Finance's Centralized Payroll System, and the Payroll System, and the Board Office employees of the Board of Regents shall be increased by the same percent as in Section 11.1 of this Act.

Salary Adjustment for Faculty Members of the Board of Regents

Sec. 12.3

States that faculty members not included in the Collective Bargaining Agreement shall receive an average base salary increase to be allocated at the discretion of the Board of Regents.

Sec. 12.4

States that the funds allocated to the Board of Regents for faculty salary adjustments at the 3 State Universities shall be distributed based on an amount necessary to fund an 11% increase after funds received from increased tuition, less the amount committed to student aid, have been allocated for that purpose.

Salary Adjustment fund

Sec. 7

States that Salary Adjustment Fund money may be expended to fund salaries established pursuant to Sections 5 and 6 of this Act if funds appropriated to the Agencies represented by or employing the persons holding the positions specified in Section 6 of this Act are insufficient to pay salaries provided in Section 6 of this Act. States that the Governor shall report to the Legislative Fiscal Committee the salary rates established pursuant to Section 6 of this Act by September 1, 1987.

Salary Adjustment for Merit System Employees of the Board of Regents

Sec. 12.2

States that employees under the Board of Regent's Merit System, not included in a Collective Bargaining Agreement and with the exception of the Board Office employees, shall receive a 2% salary adjustment increase in FY 1988. In addition to these increases, employees may receive merit increases or the equivalent of a merit increase.

time County Attorney who has made contributions to the system prior to July 1, 1987 shall receive credit for membership service under the system for the period for which the contributions were made.

County Compensation Board

Sec. 24-30

Creates a new County Compensation Board to recoinind annual salaries for elected County Officers. The membership consists of 7 members selected by the County Board of Supervisors and other elected officers. The Compensation Board shall annually review the compensation paid to comparable officers in other counties of the state, other states, private enterprise, and the federal government. The Board shall prepare a compensation schedule for the elective County Officers for the succeeding fiscal year and shall submit the schedule to the County Board of Supervisors.

Disability - IPERS Systems

Sec. 19-20

States that a member of the IPERS system who retires from the system due to disability shall receive full benefits even if the member has not completed 30 years of service. This Section takes effect July 1, 1987 and applies to members who retired from the system at any time between July 4, 1953 and June 30, 1987.

Disability Insurance Coverage for Legislators

Sec. 17

Allows members of the General Assembly to be considered full-time state employees for the purpose of being eligible for coverage under the state's Disability Insurance Program. This Section takes effect in January 1989.

Effective date of Salary Range Changes

Sec. 9

States that the effective date of the salary rates or ranges in this Act is July 1, 1987.

Exemptions to Section 11

Sec. 11.3

States that Section 11 does not apply to the General Assembly, Board Members, Commission members, positions set by the Governor, employees under Section 19A.3(5), and positions under the Board of Regents with the exception of Office Employees of the Board Office.

FY 1988 Time Period

Sec. 13

states that the salary adjustments shall begin with the bi-weekly pay date of July 17, 1987, unless an earlier effective date is provided in a Collective Bargaining Agreement.

Judicial Compensation Commission

Sec. 31-32

Creates a new Judicial Compensation Commission to review the compensation and related benefits paid to Statutory Judicial Officers. The Commission consists of 8 members, 4 members appointed by the Governor and 4 members appointed by the Legislative Council. Members shall be appointed without regard to political affiliation and shall not be State Officials, employees, or employees of any political subdivision of the state. The Commission shall make recommendations as to judicial salaries and related benefits to the Governor and the General Assembly of each odd-numbered year.

Legislator's Membership in State Insurance Plans

Sec. 15

States that a member of the General Assembly may elect to become a member of any State Group Insurance Plan for employees and the state shall pay the premium for the plan on the same basis as a full-time employee. This Section also allows members of the General Assembly to be treated as "new hires" when enrolling in group insurance plans and allows them to change programs or coverage during the month of January following reelection without a statement of health, a physical examination, or a condition rider. This Section takes effect January 1989.

Per Diem for Legislators

Sec. 14.6

Increases the per diem for Legislators and the Lieutenant Governor to \$73 from \$40 during the time the General Assembly is in sess on.

Sec. 14.7

Increases the per diem for Legislators to 873 from \$40 during Special Sessions of a General Assembly.

Policy for Implementation

Sec. 11.8

States that the policies for implementation of Section 11 shall be approved by the Governor with the exception of the Board Office employees of the Board of Regents, employees of the Legislative Department, or employees of the Judicial Department.

Salaries of Elected Officials

Sec. 1.2

Makes the following changes in the statutory salaries of the elected officials:

Division (formerly Range 3; Gov. Aec. Range 4)

Salary Range 6 \$ 34,000 - \$ 45,000
Department of Human Rights Director
Civil Rights Commission Director (formerly Range 2)
College Aid Commission Director (formerly Range 2)
Law Enforcement Academy Director (formerly Range 4)
Campaign Finance Disclosure Commission Director

Salary Range 7 3 43,500 - 3 56,000
Department of Cultural Affairs Director
Department of Personnel Director
Department of Public Health Director
Department of Public Safety Commissioner
Department of General Services Director
Department of Commerce Director
Department of Employment Services Director
Department of Inspections and Appeals Director (formerly Range 6)
Department of Elder Affairs Director

Salary Range 8 \$ 49,700 - \$ 65,000
Department of Management Director
Department of Education Director
Department of Revenue and Finance Director
Department of Economic Development Director
Department of Human Services Commissioner
Department of Transportation Director
Department of Natural Resources Director
Department of Corrections Director (formerly Range 7)
Board of Regents Executive Secretary
Court Administrator (Gov. Rec. \$37,500-50,300)

Bargaining Eligible Employees

Sec. 11.5

States that the pay plans for the Bargaining Eligible employees of the state shall be increased by the same percent and in the same manner included in Section 11.1 of this Act. Bargaining Eligible employees are those employees who are eligible to organize under Chapter 20, Code of Iowa.

Board of Regents - Salary Adjustment for Professional and Scientific Staff

Sec. 12.1.

States that the average base salary increase for FY 1988 shall be 2% to be allocated at the discretion of the State Board of Regents. In addition to the increases stated, employees may receive merit increases at the discretion of the Board of Regents.

Chapter 79.1.

Sec. 16

Chapter 79.1, Code of Iowa Change Makes a technical change to the Code of Iowa stating that employees paid an annual salary shall be paid bi-weekly based on their annual salary divided by the number of pay periods in a fiscal year.

Comparable Worth Appeal Adjustments

Sec. 11.7

States that employees not included in a Collective Bargaining Agreement under Chapter 20, Code of Iowa, and whose class was recommended to be increased by either the Comparable Worth Study or the resulting appeal process provided for in Chapter 152.3, 1985 Iowa Acts, shall receive the increase recommended in the Study or by the Comparable Worth Appeals Committee.

Sec. 12.7

States that employees not included in a Collective Bargaining Agreement under Chapter 20, Code of Iowa, and whose class was recommended to be increased by either the Comparable Worth Study or the resulting appeal process provided for in Chapter 152.3, 1985 Iowa Acts, shall receive the increase recommended in the Study or by the Comparable Worth Appeals Committee.

Comparable Worth Step Restoration

Sec. 11.6

States that Non-contractual employees who lost a merit step in the March, 1985 implementation of Comparable Worth shall have the step restored effective July 1, 1987. If the employee is still employed in the same class and was not adjusted to the minimum salary provided for the class on March 8, 1985 and is not currently at the top of the salary range.

Sec. 12.6

States that Non-contractual Employees who lost a merit step in the March 1985 implementation of Comparable Worth shall have the step restored effective July 1, 1987. If the employee is still employed in the same class and was not adjusted to the minimum salary provided for the class on March 8, 1985 and is not currently at the top of the salary range.

County Attorney - IPERS Systems

Sec. 18. 21-23

States that a County Attorney is an employee for purposes of Chapter 978, Code of Iowa, (the IPERS Chapter) regardless of whether that County Attorney is employed on a full time or part-time basis. Section 21 of this Act allows a part-time County Attorney to elect to become a member of the IPERS system. Section 23 of this Act states that a part-

S ARY ADJUSTMENT - STATUTORY LANGUAGE

Annual Salary of Legislators

S.F. 504

Sec. 14.1

Increases the annual salary of a Legislator to 316,600 from \$14,600, as well as the Majority and Minority Leaders, except the Senate Majority Leader to \$22,900 from \$17,100. These increases are effective in 1989.

Increases the per diem of non-Polk County Legislators to 373 from \$40 and the per diem of Polk County Legislators to \$50 from 325. These increases are effective in FY 1989.

Annual Salary of the Lieutenant Governor

Sec. 14.2

Increases the annual salary of the Lieutenant Governor to \$23,900 from \$21,900. Increases the per diem of the Lieutenant Governor to \$73 from \$60. Allows the Lieutenant Governor to elect to become a member of any State Group Insurance Plan or Disability Program on the same basis as a full-time employee. These increases are effective in FY 1989.

Annual Salary of the House and Senate Majority Leaders

Sec. 14.3

Increases the annual salary of the House Majority Leader to \$23,900 from \$21,900 and increases the annual salary of the Senate Majority Leader to \$23,900 from \$17,100. These increases are effective in FY 1989.

Assignment of Salary Ranges to Appointed, Nonelected State Officers

Sec. 8.2a-b, 8.2-10, 8

The following salary ranges are assigned to Appointed, Nonelected State Officers whose salaries are set by the Governor.

STATE ADMINISTRATORS

Public Employment Relations Board

Chairperson \$ 43,900
Two Members 40,700

Salary Range 1 \$ 6,200 - \$ 18,800
Part-time Parole Board Members

Salary Range 2 \$ 22,600 - \$ 37,600
Appellate Defender
Department of Cultural Affairs
Administrator of Arts Division

Department of Human Rights

, Administrator of the Division of Persons With Disabilities
Administrator of the Division of the Status of Women

Administrator of the Division for Spanish-Speaking Peoples
Administrator of the Division for Deaf Persons
Administrator of the Division of Children, Youth & Families
Department of Commerce
Administrator of the Division of Professional Licensure
Department of Public Defense
Administrator of the Division of Disaster Services
Administrator of the Division of Veterans Affairs

Salary Range 3 \$ 31,000 - \$ 43,800

Department of Commerce
Superintendent of the Division of Savings and Loan Assoc.
Department of Cultural Affairs
Administrator of the Library Division
Department of Human Rights
Administrator of the Division of Community Action Agencies
Administrator of the Division for the Blind
Department of Inspections and Appeals
Chairperson and Members of Employment Appeals Board
Secretary to the Fair Board

Salary Range 4 \$ 37,600 - \$ 50,300

Department of Commerce
Superintendent of Banking
Administrator of the Division of Alcoholic Beverages
Department of Corrections
Full-time Parole Board Members
Superintendent of the Credit Union Division

Salary Range 5 \$ 43,800 - \$ 56,500

Department of Commerce
Chairperson and Members of the Utilities Board
Insurance Commissioner (formerly Range 4; Gov. Rec. Range 4)
Administrator of the Division of Gaming
Department of Justice
Consumer Advocate
Department of Employment Services
Job Service Commissioner (formerly Range 4; Gov. Rec. Range 4)
Labor Commissioner (formerly Range 3; Gov. Rec. Range 4)
Industrial Commissioner (formerly Range 4; Gov. Rec. Range 4)
Department of Revenue and Finance
Lottery Commissioner
Department of Cultural Affairs
Administrator of the Historical Division (formerly Range 3)
Administrator of the Public Broadcasting

Energy Conservation Trust Fund

Sec. 5

This Section expands the Energy Conservation Trust Fund, making it the repository of all petroleum overcharge moneys received by the state as a result of court decisions and settlements. The Fund will have separate accounts for each court decision or settlement and the interest and earnings shall be credited proportionately to each account. The Administrator of the Energy and Geological Resources Division of the Department of Natural Resources shall be the Administrator of the Energy Conservation Trust Fund.

Energy Fund Disbursement Council

Sec. 6

Two senators and 2 representatives are added as nonvoting members to the Energy Fund Disbursement Council.

Energy Conservation Trust Fund Accounts

Sec. 7

Eight separate accounts are established in the Energy Conservation Trust Fund: Warner/Imperial Account; Amoco/Beldridge/Nordstrom Account; Exxon Account; Stripper Well Account; Diamond Shamrock Account; Amoco Refined Account; OKC & Coline Account; and Other Funds Account.

Appropriation Extension

Sec. 8

The Oil Overcharge Fund appropriations for FY 1987 are extended through FY 1988.

Funds Transfer

Sec. 9

Funds in the Petroleum Overcharge Fund are transferred to the Energy Conservation Trust fund. Any appropriation of the funds in the Petroleum Overcharge Fund shall still apply.

Repeals

Sec. 10

Section 93.15. Code of Iowa. which establishes the Petroleum Overcharge Trust Fund, is repealed. Section 601K.128. Code of Iowa. which sunsets the Department of Human Rights on July 1, 1987, is repealed.

OIL OVERCHARGE FUNDSEnergy Conservation Trust Fund Appropriations

S.F. 517

Sec. 1

Appropriates \$175,000 of Exxon Funds to the Division of Community Action Agencies of the Department of Human Rights for energy conservation programs for low-income persons.

Sec. 1.2a

Appropriates \$500,000 of Stripper Well Funds for the Energy Bank for Schools and Merged Area Schools.

Sec. 1.2b

Appropriates \$75,000 of Exxon Funds to the Department of Natural Resources for an independent study evaluating federal weatherization.

Sec. 1.2c

Appropriates \$500,000 of Stripper Well Funds to the Department of Natural Resources for energy conservation efforts by low-income nonprofit housing organizations.

Sec. 1.2d

Appropriates \$500,000 of Stripper Well Funds to the Department of Natural Resources for a competitive grants program providing venture capital to new businesses in Iowa whose products or services are directly related to energy conservation. This Subsection appropriates \$1,000,000 of Exxon Funds to the Department of Natural Resources for a competitive grants program for energy conservation and renewable resource projects.

Sec. 1.2e

Appropriates \$200,000 of Stripper Well Funds to the Department of Natural Resources for administration of the Programs funded under Section 1.2(a-d) of this Act.

Sec. 1.2f

Appropriates \$2,000,000 in Exxon Funds and \$3,530,000 in Stripper Well Funds for deposit in the Oil Overcharge Account of the Groundwater Protection Fund created by H.F. 631.

Sec. 1.3a

Appropriates \$1,700,000 of Stripper Well Funds to the Department of Transportation for energy conservation loans, grants, or expenditures to aid mass transit.

Sec. 1.3b

Appropriates \$750,000 of Exxon Funds to the Department of Transportation for a Pilot Project of Intermodal Transportation Facilities.

Sec. 1.3c

Appropriates \$1,500,000 of Stripper Well Funds to the Department of Transportation for energy conservation projects.

Sec. 1.4

Appropriates 530,000 of Stripper Well Funds to the State Board of Regents for research on used motor oil collection and disposal at the Center for Industrial Research and Service.

Sec. 1.5

Appropriates \$125,000 of Exxon Funds to the Department of Economic Development for the Iowa Main Street Program.

Sec. 1.6

A appropriates \$50,000 of Stripper Well Funds to the Department of General Services for energy conservation improvements at Terrace Hill

Conditions on Appropriations**Sec. 2**

The Department of Human Rights is required to adopt rules to prohibit the raising of rents as a result of increased value in dwelling units receiving weatherization assistance.

Funds appropriated to the Department of Transportation by Section 1.3(c) of this Act for energy conservation projects shall not revert at the end of the fiscal year.

To the extent possible, Exxon Account Funds should be used rather than Stripper Wells Account Funds for any appropriations made by this Act from the Stripper Wells Account.

Appropriations Supplementing Federal Funds**Sec. 3**

This Section appropriates \$1,375,836 from the Amoco/Beldridge/Nordstrom Account, the Amoco Refined Account, the OKC & Collins Account, and the Exxon Account for FY 1988 to supplement federal funds to maintain the Program funding level of FY 1987. The appropriation includes \$936,934 for the Low Income Weatherization Program administered by the Department of Human Rights, \$270,702 for the Institutional Conservation Program, \$118,500 for the State Energy Conservation Program, and \$49,700 for the Energy Extension Service Program, administered by the Department of Natural Resources.

Rulemaking Authority**Sec. 4**

This Section provides rulemaking authority to agencies for Programs funded by this Act.

percentage basis as specified in the Act, other than for the Rape Prevention Program under Section 3.3. if funding from the federal block grants is less than the amount appropriated. This does not apply to Section 8 (Education Block Grant).

If the Governor determines that the funds allocated will not be sufficient, the Governor may allocate the funds in a manner which will effect, to the greatest extent possible, the purposes of the various programs for which the block grants are available.

Sec. 13.2a

The Governor is required, prior to implementing the actions under Section 13.1, to notify the chairpersons and ranking members of the Senate and House Appropriations Committees, the Legislative Fiscal Bureau, and the chairpersons and ranking members of the affected appropriations subcommittees.

Sec. 13.2b

The notice must include the proposed allocations and justification of the percentages or amounts allocated to the individual programs.

SOCIAL SERVICES BLOCK GRANT PLAN

S.F. 513

Sec. 12

Each Fiscal year, the Department of Human Services is required to develop a plan for the use of federal Social Services Block Grant Funds for the subsequent state fiscal year.

SOCIAL SERVICES

S.F. 513

Sec. 11.1

This Subsection appropriates \$33,084,972 to the Department of Human Services.

Sec. 11.2

Not more than \$1,907,932 of the funds appropriated in Section 11.1 may be used by the Department of Human Services for general administration, including the cost of an audit.

Sec. 11.3

The remaining funds appropriated in Section 11.1 shall be allocated as follows:

Field operations.....	\$13,088,647
Home-based services.....	\$ 153,002
Foster care.....	\$ 4,847,444
Community-based services.....	\$ 776,329
Purchase of local services.....	\$12,199,070
Volunteers.....	\$ 132,548

indirect costs. Priority shall be given to the establishment and maintenance of a statewide system of Mobile and Regional Child Health Specialty Clinics.)

Sec. 2.3

Not more than \$114,486 of the remaining funds appropriated in Section 2.1 shall be used by the Department for administration, in addition to the cost of audits in Subsection 1.

Language states that the Departments of Public Health, Human Services, and Education and the University of Iowa's Mobile and Regional Child Health Specialty Clinics shall continue the integration and coordination projects of these 4 agencies.

Sec. 2.4

The funds transferred from the Preventive Health and Health Services Block Grant (Section 3.4) shall be distributed according to the percentages in Subsection 2 (63% to Maternal and Child Health Programs and 37% to University of Iowa Hospitals and Clinics - Mobile and Regional Child Health Specialty Clinics).

Sec. 2.5

The Department of Public Health shall administer the statewide Maternal and Child Health Programs and the Crippled Children's Program.

NARCOTICS CONTROL ASSISTANCE

S.F. 513

Sec. 5.1

This Subsection appropriates \$2,290,000 to the Iowa Department of Public Health.

Sec. 5.2

Not more than 10% (\$229,000) of the funds appropriated in Section 5.1 shall be used by the Department for administration, including the cost of an audit.

PREVENTIVE HEALTH AND HEALTH SERVICES

S.F. 513

Sec. 3.1

This Subsection appropriates \$1,047,495 to the Department of Public Health. Of the funds appropriated in this Subsection, **35,880** shall be used for audits. The Auditor shall bill the Department for the cost of the audits.

Sec. 3.2

Not more than **\$98,070** of the remaining funds appropriated in Section 3.1 shall be used by the Department for administration, in addition to the cost of audits in Subsection 1.

Sec. 3.3

This Subsection requires that funds specifically

designated by the federal government for Rape Prevention must be spent on that Program.

Sec. 3.4

Of the remaining funds appropriated in Section 3.1, 7% is transferred to the Maternal and Child Health Services Block Grant.

Sec. 3.5

The remaining funds appropriated in Section 3.1 shall be allocated to the Department of Public Health for use of the following programs: Fluoridation Program, Risk Reduction Services, Health Incentive Program, Hypertension Program, and Emergency Medical Services.

PROCEDURE FOR INCREASED FEDERAL FUNDS

S.F. 513

Sec. 14.1

If funds received from block grants exceed the amounts appropriated in Sections 1 (Alcohol, Drug Abuse and Mental Health Block Grant), 2 (Maternal and Child Health Services Block Grant), 3 (Preventive Health and Health Services Block Grant), 4 (Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant), 5 (Narcotics Control Assistance Block Grant), 8.3 (Education Block Grant), and 11.1 (Social Services Block Grant), the excess shall be prorated to the programs according to the percentages specified in those Sections, administrative expenses excepted.

Sec. 14.2

If the funds received from block grants exceed the amounts appropriated in Section 10 (Low Income Energy Assistance Block Grant), at least 10% and not more than **15%** of the excess shall be allocated to the Low Income Weatherization Program.

Sec. 14.3

If funds received from block grants exceed the amounts appropriated in Section 7 (Community Development Block Grant), 100% of the excess is appropriated to the Community Development Block Grant Program. Not more than **2%** of the excess may be used for additional administrative expenses.

Sec. 14.4

If the funds received from block grants exceed the amounts appropriated in Section 6 (Community Services Block Grant), 100% of the excess is allocated to the Community Services Block Grant Program.

PROCEDURE FOR REDUCED FEDERAL FUNDS

S.F. 513

Sec. 13.1

The Governor is required to prorate the funds received to the various programs on the same

\$495,500 of the funds appropriated in Section 7.1 and a matching contribution from the general fund of \$495,500. Total administrative expenses from both federal and state sources shall not exceed 4% of the amount appropriated.

COMMUNITY SERVICES

S.F. 513

Sec. 8.1a

This Subsection appropriates \$3,796,821 to the Division of Community Action Agencies within the Department of Human Rights.

Sec. 6.1b

Not less than 91% of the funds appropriated in Section 6.1(a) shall be distributed to Community Action Agencies' programs based upon the size of the poverty-level population in the state.

Sec. 6.2

Not more than 3% of the funds appropriated in Section 6.1(a) shall be used by the Division or administration expenses, including the cost of an audit.

EDUCATION

S.F. 513

Sec. 8.1

This Subsection appropriates \$5,940,000 to the Department of Education.

Sec. 8.2

20% of the funds appropriated in Section 8.1, not to exceed \$1,188,000, are to be used by the Department for basic skills development, state leadership and support services, education improvement and support services, special projects, and state administrative expenses and auditing. The state administrative expenses of the Department are limited to \$200,000.

Sec. 8.3

80% of the funds appropriated in Section 8.1, are to be used by local education agencies according to the following percentages and enrollments:

75% on the basis of enrollment in public and approved non-public schools;

20% on the basis of the number of disadvantaged students in schools whose incidence of disadvantaged students is above average; and

5% on the basis of the number of limited English-speaking students whose language imposes a barrier to learning.

Sec. 9

Funds appropriated under Section 8 of this Act shall not be used to aid schools or programs that

illegally discriminate in employment or educational programs on the basis of sex, race, color, national origin, or disability.

LOW INCOME HOME ENERGY ASSISTANCE

S.F. 513

Sec. 10.1

This Subsection appropriates \$35,490,916 to the Division of Community Action Agencies, Department of Human Rights, for Low Income Home Energy Assistance Grants.

Sec. 10.2

Not more than \$2,892,000 or 9% appropriated in Section 10.1, whichever is less, may be used for administrative expenses. Of the administrative funds, not more than 3290.000 shall be used by the Division for administration costs, including the cost of an audit.

Sec. 10.4

An eligible household must allow residential weatherization or other related home repairs in order to receive Home Energy Assistance. If the eligible household resides in rental property, the unwillingness of the landlord to allow weatherization or other repairs shall not prevent the household from receiving Home Energy Assistance.

Sec. 10.3

The remaining funds appropriated in Section 10.1 are allocated to help eligible households meet the costs of home energy. After an allowance of not more than \$1,000,000 for the carry forward, at least 10% and not more than 15% of the funds are allocated for Low Income Residential Weatherization.

MATERNAL AND CHILD HEALTH SERVICES

S.F. 513

Sec. 2.1

This Subsection appropriates \$5,460,672 to the Department of Public Health. Of the funds appropriated in this Subsection, \$53,260 shall be used for audits. The Auditor shall bill the Department for the cost of the audits.

Sec. 2.2

This Subsection sets forth the proportions to be used in allocating the remaining funds appropriated in Section 2.1 as follows:

Maternal and child health programs.....63.00%
(Of these funds, \$208,950 is to be used for the statewide Perinatal Care Program.)

University of Iowa Hospitals and Clinics.....37.00%
(The University of Iowa Hospitals and Clinics shall not receive an allocation for

ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION

S.F. 513

Sec. 4.1

This Subsection appropriates such amount as is received from the federal government under Public Law 99-570 to the Iowa Department of Public Health.

Sec. 4.2

Not more than 817.400 of the funds appropriated in Section 4.1 shall be used by the Department for administration, including the Cost of an audit.

ALCOHOL, DRUG ABUSE AND MENTAL HEALTH SERVICES

S.F. 513

Sec. 1.1

This Subsection appropriates \$3,082,000 to the Department of Public Health. Of the funds appropriated in this Subsection, \$29,851 shall be used for audits. The Auditor shall bill the Department for the cost of the audits.

Sec. 1.2

Of the remaining funds appropriated in Section 1.1, 17.8% is transferred to the Division of Mental Health, Mental Retardation, and Developmental Disabilities within the Department of Human Services for community mental health centers. Of this amount, 10% must be used to initiate new mental services for severely disturbed children and adolescents and new comprehensive community mental health programs for unserved areas or underserved populations.

Sec. 1.3

Funds appropriated in Section 1.1 shall not be used by the Department for administration, except for the audits in Subsection 1. The Department shall also pay the cost of auditing from the general fund not covered in Subsection 1.

Sec. 1.4

Of the remaining funds appropriated in Section 1.1, 5% shall be used to provide alcohol and drug abuse services to women.

Sec. 1.5

The remaining funds appropriated in Section 1.1 shall be allocated as follows:

Drug abuse programs.....	38.89%
Alcohol abuse programs.....	38.89%
Prevention programs.....	22.22%

AMEND CHAPTER 1250. ACTS OF 1986

S.F. 513

Sec. 16

The FY 1987 Block Grant (Chapter 1250, Acts of 1986) is amended to add the following new Sections. SECTION, Subsection 1 - Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant

This Subsection appropriates such amount as is received from the federal government under Public Law 99-570 to the Department of Public Health for FY 1987.

SECTION, SUBSECTION 2 - Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant

For FY 1987 not more than 817.400 of the funds appropriated in Section 1 shall be used by the Department for administration, including the cost of an audit.

SECTION, SUBSECTION 1 - Narcotics Control Assistance Block Grant

This Subsection appropriates \$2,290,000 to the Department of Public Health for FY 1987.

SECTION, SUBSECTION 2 - Narcotics Control Assistance Block Grant

For FY 1987 not more than 10% (\$229,000) of the funds appropriated in Section 1 shall be used by the Department for administration, including the cost of an audit.

AMEND SECTION 268.2(2.1), ACTS OF 1985

S.F. 513

Sec. 17

The FY 1985 Block Grant [Section 268.2(2.1), Acts of 1985] is amended as follows: This Section amends the FY 1985 Block Grant to eliminate the Lead Poisoning Prevention Program in the Department of Public Health, which has been completed. The money will be used by the Department for Maternal and Child Health Programs.

BLOCK GRANTS

S.F. 513

Sec. 15

This Section requires federal funding formerly received as categorical grants and consolidated into block grants, or block grants expanded to include programs formerly funded by categorical grants, to be appropriated for the programs formerly funded by the categorical grants, subject to the conditions outlined in Section 15.

COMMUNITY DEVELOPMENT

S.F. 513

Sec. 7.1

This Subsection appropriates 824,900,000 to the Department of Economic Development.

Sec. 7.2

Not more than \$991,000 appropriated in Section 7.1 shall be used by the Department for administrative expenses, including the cost of an audit. The total amount used for these expenses includes

FEDERAL BLOCK GRANTS. PETROLEUM OVERCHARGE. SALARY ADJUSTMENT. IOWA PLAN. AND EXCELLENCE IN
EDUCATION SUMMARIES

Federal Block Grants Summary	95
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Section 8 amends Section 422.43(11), Code of Iowa, by stating that investment services provided by bank trust departments are no longer excluded from the state sales tax. Service charges imposed by financial institutions are subjected to the tax. Lobbying services are exempted from sales tax.

FISCAL EFFECT: These Sections are not expected to have a significant impact on the general fund.

Sales and Use Exemption--Food Stamps

H.F. 2EE

Exempts the sales of food, purchased with food stamps under the federal Food Stamp Act of 1977, from the sales and use tax. The Food Security Act, Public Law 99-198, prohibits state participation in the Food Stamp Program if state or local sales taxes are collected on purchases of food with coupons issued under the Food Stamp Program. This becomes effective October 1, 1987.

FISCAL EFFECT: The estimated annual revenue loss to the general fund is less than 3500.000.

Tax on Mobile Home Room Rental

H.F. 605

Sec. 1

Provides that the **gross** receipts from renting rooms or sleeping quarters in a **mobile home** that is tangible personal property is to be taxed.

FISCAL EFFECT: This will result in a minor increase in general fund receipts.

Tax Refund on Repairs for Agricultural Implements,
Machinery or Equipment

H.F. 626

Sec. 9

Provides for sales tax refunds for claims related to utilities and repairs for dairy or livestock implements, equipment or machinery.

FISCAL EFFECT: No more than \$3.8 million is to be refunded throughout a calendar year.

estate transfer tax.

4. By submitting a narrative appraisal approved by a professional appraisal society. assessors and deputy assessors may receive up to 30 hours of tested credit under the Department of Revenue and Finance's Continuing Education Program for assessors and deputy assessors. The appraisal must have been approved before the assessor's or deputy assessor's term began. The Director of Revenue and Finance may specify that less than 30 credit hours be received for a narrative appraisal.
5. Assessment Review Boards are required to be in session from May 1 through the period of time necessary to act on all assessment protests, but not beyond May 31. Review Boards must no longer remain in session, if their work is complete. If a county has been declared a disaster area, the Board may still continue to meet.

In the event of the Board rendering an unfavorable decision from the property owner's standpoint, the property owner may appeal to the county district court within 20 days after its adjournment or May 31, whichever date is later.

FISCAL EFFECT: Sections (A) and (B) are expected to have only a negligible impact on the general fund. Sections (C), (D) and (E) will have no impact.

PROPERTY TAX

Equipment Replacement Tax for Area Schools

H.F. 589

continues the \$.03/\$1,000 tax levied for equipment replacement at Iowa's 15 Merged Area Schools. This levy had been scheduled to sunset July 1, 1988.

FISCAL EFFECT: This Act has no fiscal impact on the general fund. Approximately \$2.2 million in property taxes was collected in FY 1987.

Exemption Revocation

S.F. 264

Gives the authority to revoke property tax exemptions to the Assessor and Board of Review. The Act is retroactive to January 1, 1987 for assessment years commencing on and after January 1, 1987.

FISCAL EFFECT: This Act has no fiscal impact.

Mobile Home Taxes

S.F. 101

Provides that mobile home taxes are to be paid on a fiscal year basis. A claim for mobile home tax credit would not be paid unless the claim is filed

between January 1 and June 1 preceding the year the mobile home taxes are due. The claimant must also include an affidavit attesting to the claimant's intent to live in the mobile home for at least 6 months of the upcoming fiscal year. A graduated tax reduction for mobile homes more than 5 years old is eliminated.

FISCAL EFFECT: The Act requires the state to reimburse one 18-month period in switching to a fiscal year. The effect will be minimal since the total annual reimbursement is approximately \$150,000 to \$200,000. The fiscal effect of striking the tax reductions for mobile homes more than 5 years old can not be determined.

SALES, SERVICES AND USE TAX

Fuel Exemption Certificates

H.F. 682

Sec. 2-5

Provides for the issuance and acceptance of special exemption certificates for fuel subject to the processing exemption of the sales and use tax.

FISCAL EFFECT: This Section will have a minimal impact on the general fund. The Department of Revenue and Finance would continue to collect the sales tax from the purchaser of tangible personal property or services purchased tax-free if the personal property or services are used or disposed of in a non-exempt manner.

Miscellaneous Sales, Services and Use Tax Provisions

H.F. 675

Sec. 5-11

Sections 5 and 9 include in the definition of tangible personal property that is sold for personal processing, personal property which is ultimately to be consumed in the maintenance or repair of fabric or clothing. This inclusion means that the sale of this type of personal property is not considered a retail sale, thus not subject to the retail sales tax. Section 9 specifically exempts the sales of containers, plastic bags, wrapping, etc., used in clothes cleaning or clothes repair.

Sections 6 and 10 relate to the situation where tangible personal property is traded toward the purchase price of other tangible personal property. These items are no longer exempt from taxation. In both Sections, the portion struck states that the property traded does not have to be subject to the sales tax imposed under Chapter 422.43, Code of Iowa, for the trade-in exemption to apply.

Sections 7 and 11 exempt from state sales taxation construction materials which are withdrawn from a retailer's inventory by a manufacturer for construction outside Iowa. The tax does not apply to tangible personal property purchased by the manufacturer and used as building materials for construction outside Iowa.

decrease by approximately 31.35 million annually. Section 494 of S.F. 511 would also cause general fund revenues to decrease by \$491.400 attributable to non-itemizers whose dependents attend public schools, and by approximately \$1.1 million attributable to non-itemizers whose dependents attend non-public schools. Thus, the total fiscal effect of these 2 Sections is estimated to be \$2.94 million.

INSURANCE PREMIUM TAX

Insurance Premium Tax for Risk Retention Groups

H.F. 673

Provides that risk retention groups must pay a tax equivalent to 2% of the gross amount of the premiums received during the previous calendar year for risks placed in Iowa.

FISCAL EFFECT: The increase in tax receipts is expected to be minimal.

LOCAL OPTION PROPERTY TAX EXEMPTION

Value Added Exemption

H.F. 626

Sec. 10

Provides that a city council or county board may partially exempt from taxation the actual value added to owner-operated cattle facilities.

FISCAL EFFECT: This Act has no fiscal impact on the general fund.

LOCAL OPTION TAX

Mobile Home Room Rental

H.F. 605

Sec. 2

When a city or county imposes a local hotel or motel tax, the receipts from renting rooms or sleeping quarters in a mobile home that is tangible personal property are to be taxed. Note: these particular mobile home rentals are exempted from the state services tax.

FISCAL EFFECT: The impact on the general fund will be insignificant.

Withdrawal of a City from a County's Local Option Tax

H.F. 676

In counties required to impose a local option sales and service tax on July 1, 1987, the governing body of a city may adopt a motion requesting that the tax not be imposed, and the county must abide by this request. Cities have until July 1, 1987 to submit the request to their respective county.

FISCAL EFFECT: This Act will have no impact on the general fund.

PROPERTY TAX CREDIT

Urban Revitalization Tax Exemption

S.F. 519

Provides that a city may, by resolution, allow an Urban Revitalization Tax Exemption to be filed on a year other than the assessment year for which the exemption is first claimed. If the city does not pass a resolution changing the assessment year, then the owner must file the claim by February 1 of the assessment year for which the exemption is claimed.

FISCAL EFFECT: This Act has no fiscal impact

Livestock Property Tax Replacement

H.F. 626

Sec. 5-6

Resets the livestock property tax replacement monies that go to schools at the 1974 level. School districts will be the only taxing jurisdictions eligible to receive these monies.

FISCAL EFFECT: Division II The livestock property tax replacement which goes to schools is reset and fixed at the 1974 level. An additional \$1.3 million will be distributed to school districts as their livestock property tax replacement reimbursement. The appropriation for the livestock property tax credit will now be \$5,057,436 instead of \$8 million since only school districts will now be eligible to receive livestock property tax replacement.

FISCAL EFFECT: The exemption has no fiscal impact on the general fund.

Miscellaneous Credits and Exemptions

H.F. 374

Provides for several changes in various credits and exemptions:

1. Requires Iowa residency for elderly or disabled mobile home reduced tax rate claimants filing a claim under Section 135D.22, Code of Iowa.
2. Homestead property tax credit claimants are given an extension of the time for filing for the credit in a new Section under Section 425.2, Code of Iowa. Claimants may now file a related claim on or before December 31 of the following calendar year. Claimants have until that time to file evidence of ownership with the County Recorder. Military service tax exemption claimants are given an identical time extension for filing their claims, and military exemption claimants are required to file evidence of property ownership with the county recorder.
3. Property sold at a sheriff's sale is exempted from declaration of value filing requirements. Language clarifies that sheriff's sales are exempt from the real

passive investment activities; and discharge of a farmer's indebtedness. The Act strikes passive losses from the tax preference items used for the state individual alternative minimum tax, sets the annual inflation factor for the 1987 calendar year to 100%, thus preventing the individual income tax brackets from being adjusted for inflation, and increases the minimum net income required for filing a state tax return from \$4,000 to \$5,000.

ASSUMPTIONS

The estimates of the impact of the new federal tax reform act upon the state are to a large part dependent on the accuracy of the estimates of the federal tax impact.

FISCAL EFFECT: General fund revenues are expected to increase an estimated \$25 million due to the changes in income tax provisions effecting businesses. General fund revenues are expected to increase an estimated \$37 million due to a federal tax cut which leaves state taxpayers with more taxable income. The impact to general fund revenues for FY 1988 is an estimated increase of \$62 million.

Federal Low-Income Housing Credit

S.F. 499

Provides that the Iowa Finance Authority is to establish the necessary rules, definitions and application procedures relating to allowing low-income housing credits under the Internal Revenue Code, Subsection 42. The Iowa Finance Authority is to consider the following factors in developing application and allocation procedures: application timeliness; location of the proposed housing project; relative need for low-income housing in the proposed area; availability of low-income housing in the proposed area; economic feasibility of the project; and the applicant's ability to complete the project in the calendar year for which the housing credit is sought.

FISCAL EFFECT: This has no impact on the general fund since this is a Federal Tax Credit Program.

Miscellaneous Income Tax Provisions

H.F. 675

Sec. 1-4

Section 1 clarifies that pari-mutuel winnings are subject to state withholding tax laws. The state tax amount is to be deducted from the winnings and remitted to the Department of Revenue and Finance on behalf of the winner. This Section is retroactive to January 1, 1987.

Section 2 specifies that taxpayers who are married, file separate returns, and have a combined income of \$5,000 or less, will not be eligible to use the \$5,000 rule if they individually carry back

or carry forward a net operating loss as provided under Section 422.9(3), Code of Iowa. This Section is retroactive to January 1, 1987.

Section 3 gives the Director of Revenue and Finance the power to allow partnerships, trusts or corporations whose stockholders are taxed on the corporations' income to file a composite return for partners, beneficiaries or shareholders who are not Iowa residents. This Section is retroactive to January 1, 1987.

Section 4 changes the due date for the quarterly payment of estimated taxes from June 30, September 30 and January 30 to June 15, September 15 and January 15, respectively. This Section becomes effective January 1, 1988.

FISCAL EFFECT: None of these Sections are expected to have a significant impact on the general fund.

Tuition Tax Credits and Deductions

S.F. 511

Allows taxpayers filing returns with an adjusted gross income below \$45,000 to claim either an additional itemized deduction or an income tax credit on Iowa individual income tax returns for tuition and textbooks of each dependent attending a private elementary or secondary school located in the state. Section 493 of S.F. 511 limits the deduction to \$1,000 per dependent if the taxpayer itemizes deductions. Section 494 of S.F. 511 limits the tuition credit to \$50 per dependent for taxpayers who do not itemize.

ASSUMPTIONS

- 50% of all public and non-public school students (approximately 242,600 public and approximately 24,400 non-public students) would be claimed on returns on which the taxpayer would use the optional standard deduction. The other 50% of public and non-public students would be claimed on itemizers' personal income tax returns.
- Fees for textbooks and instructional materials paid by all taxpayers for dependents in grades K-12 who attend public schools are estimated to be \$45 per dependent.
- For those taxpayers who do not itemize their deductions and who have dependents who attend non-public schools, it is assumed that the full \$50 tuition credit is claimed for each dependent (5% of the first \$1,000 paid).

FISCAL EFFECT: It is estimated that Section 493 of S.F. 511 will cause general fund revenues to

filed before December 31, 1987. Section 8 provides for an unlimited audit period of unfiled or fraudulently filed sales and use tax returns. Section 10 increases the penalty for late or inadequate payment of the retail use taxes. The penalty is raised from 10% to 15%.

FISCAL EFFECT: This Act has no fiscal impact.

Filing a Declaration of Value When a Federal Agency

Transfers Real Property

H.F. 590

Provides that a federal agency is no longer exempt from filing a declaration of value when it is involved in a transfer of real property.

FISCAL EFFECT: This Act has no fiscal impact.

INCOME TAX

Composite Filing

H.F. 602

Sec. 1

Empowers the Director of Revenue and Finance to allow partnerships, trusts or corporations whose stockholders are taxed on the partnership's, trust's or corporation's income to file a composite return for partners, beneficiaries or shareholders who are not Iowa residents.

FISCAL EFFECT: This Section has no fiscal impact.

Coupling With the Federal Tax Reform Act of 1986.

H.F. 153

VETOED

Relates to the state's conforming its income, franchise, and death taxes to certain provisions of the Federal Tax Reform Act of 1986. H.F. 153: changes the state's alternative minimum tax for corporations and individuals to adapt most of the provisions of the federal alternative minimum taxes; rewrites the state's generation-skipping transfer tax to conform with the new federal law; clarifies the taxation of regulated investment company dividends and shares; Provides for a waiver of penalty for underpayment of estimated tax; and extends the statute of limitations for certain refund claims.

ASSUMPTIONS

1. The estimates of the impact of the Tax Reform Act of 1986 upon the state are in large part dependent on the accuracy of the estimates of the federal tax impact. The federal estimates make certain assumptions concerning future economic activity and taxpayer reaction to the new law. Therefore, the fiscal effect outlined below is subject to considerable variation.
2. The impact of various provisions differs according to individual taxpayer

characteristics. For example, certain individual income tax provisions will affect taxpayers differently, depending on their marital status, family size and income. Similarly, the effect of certain business tax provisions will vary according to business activity completed, the type of investment activity, and the type of business structure.

FISCAL EFFECT: General Fund
FY 1988. millions

PROVISIONS PRIMARILY AFFECTING INDIVIDUALS

Repeal of long-term capital gain deduction	\$20 - \$30
Itemized deductions for state and local sales tax	\$16 - \$18
Itemized deduction for medical expenses	\$ 4 - \$ 5
Miscellaneous itemized deductions and employee business expense deductions	\$16 - \$18
Unemployment compensation	\$ 3 - \$ 4
Individual alternative minimum tax	(\$ 4 - \$ 6)
Individual retirement accounts	\$20 - \$24
Cap on cash or deferred compensation (CODA) section 401(k) plans	\$ 2 - \$ 3
Interest itemized deduction limitation	\$16 - \$19
Repeal dividend exclusion	\$ 3 - \$ 4

PROVISIONS AFFECTING BUSINESS

(INCLUDING INDIVIDUAL INCOME TAX)

Business meals, travel, and entertainment	\$ 5 - \$ 7
Depreciation revisions	(\$ 5 - \$ 7)
Passive investment activities	\$ 5 - \$10
Capitalization rules for inventory, construction, and development costs	
Long-term contracts	\$ 3 - \$ 5
Corporate minimum tax	\$ 3 - \$ 7

Subtotal \$110-\$155

ESTIMATED TOTAL REVISIONS \$ 35-\$ 40

THROUGH FEDERAL TAX DEDUCTION

ESTIMATED TOTAL IMPACT \$145-\$195

Coupling with the Federal Tax Reform Act of 1986

S.F. 523

Conforms the state corporate income tax, franchise tax, generation skipping transfer tax, and certain individual income tax provisions to the new Federal Tax Reform Act of 1986. All individual income tax provisions remain unchanged except those relating to: business meals, travel, and entertainment; depreciation of business property; capitalization rules for business inventory; construction and development costs; long-term business contracts;

FEE BILLSDrivers License Fees

H.F. 167

Changes the fee and length of time for an operator's or chauffeur's license to be valid.

FISCAL EFFECT: The Act changes the 6 year licenses to 4 year licenses, and changes the fee for a 2 year operator's license to \$8, a 4 year operator's license to \$16, a 2 year chauffeur's license to \$15, and a 4 year chauffeur's license to \$30. This change will result in a decrease in revenues from the sale of these licenses by approximately \$3 million in FY 1988 and by \$1.2 million in FY 1989 and 1990, respectively. However, as the change-over of all 6 year to 4 year licenses is completed and a regular cycle of renewal is established, the total dollars collected between FY 1988 and FY 1995 will be more under the new fee structure than would have been collected under previous law.

Park User Permit Program

H.F. 316

Lowers the annual park user permit fee from 310 to \$5.50 and allows for the purchase of a second permit at a fee of \$2. Free permits for the medically needy, handicapped, food stamp recipients and elderly are eliminated.

ASSUMPTIONS:

- In 1986, 85,000 annual permits and 115,000 daily permits were purchased. There were 59,000 free permits issued.
- Park attendance was down by 26% in calendar year 1986 from calendar year 1985 levels. Assuming a rebound in attendance to the calendar year 1985 level, an estimated 115,000 annual permits would be sold.
- Of the 59,000 free permits, 16,800 were additional free permits. It is assumed that the 42,400 free permit recipients would purchase annual permits at the same rate for which they were received for free.
- Assuming 50% of permit sales are for single permits and 50% are for 2 permits, there would be 118,050 single annual permit sales and 39,350 additional permit sales.
- The estimated cost of printing and distributing is \$.08 per annual permit and 8.06 per daily permit. The cost of handling and selling annual permits is estimated to be \$.50 per permit transaction. Enforcement, accounting and public information costs are estimated at \$281,384. The Park User Permit Program is not charged for these administrative expenses.

FISCAL EFFECT: The proposed changes to the Park User Permit Program are expected to generate

8957.975 in receipts and cost approximately \$388.984 to administer.

ESTIMATED RECEIPTS

118.050 annual single permits x 35.50	\$649,275
39.350 annual second permits x \$2.00	78,700
115.000 daily permits x \$2.00	230,000
	<u>\$957.975</u>

ESTIMATED ADMINISTRATIVE COSTS

Printing and distribution (275,000 annuals produced and distributed @ 3.08 each and 115,000 dailies @ \$.06 each)	\$ 28.900
Handling and issuance (157,400 annual permits sold x \$.50 writing fee)	78.700
Enforcement, accounting & public information	<u>281,384</u>
	\$388.984

GENERAL TAXATION AND ADMINISTRATIONAdjustment of Allowable Growth

S.F. 481

Makes changes related to the computation of the state percent of allowable growth within the school foundation formula. Beginning with the allowable growth computation for the 1988-89 school year, annual revenue receipts will be adjusted for any changes in rates or basis.

FISCAL EFFECT: Adjustments to the base have traditionally been made to more accurately reflect economic growth. This provision would simply eliminate the need to enact legislation in each year that changes in rates or basis are made.

Cigarette and Tobacco Tax Assessment

H.F. 334

Section 1 provides that tobacco distributors must maintain records for 2 years instead of 1 year. Section 2 allows the Department of Revenue and Finance 2 years after a return is filed or due to review tobacco tax returns and assess for any additional taxes due. Section 3 sets a monthly due date for taxes and requires an interest penalty for late payments, a 7.5% penalty if less than 90% is paid, and a 75% penalty if false or fraudulent returns are intentionally filed. This Section also provides for notification and appeal procedures. Section 5 allows the offsetting of claims against state agencies with liabilities owed to state agencies, while Section 4 gives these claims last priority behind child support payments claimed by the Department of Human Services, claims for guaranteed student loans, and claims for any fine, civil penalty, surcharge or court costs. Section 6 and 9 relate to tax return confidentiality. Section 7 requires that claims by retailers for a refund of sales taxes paid on automotive fluids between January 1, 1979 and June 30, 1986, must be

WAYS AND MEANS AND FEES SUMMARIES

The funds shall be used for salaries, support and maintenance of the additional staff. 75% of the moneys received by the Audit staff employed with money available under this Section shall be credited to the general fund. The remaining 25% of the moneys received shall be credited to the Audit Expense Fund.

Iowa Satisfaction and Performance Bond Program

Sec. 129

This adds a new Section to the Code of Iowa, which states that Departments of state government shall be required to waive the requirement of satisfaction or performance bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience.

Moneys and Credits Replacement Fund

Sec. 117

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,475,000	Pers Prop Tax Repl. Program	1.475.000

Funds are appropriated from the general fund to the Moneys and Credits Replacement Fund established in Section 422.100. Code of Iowa, for FY 1988.

This Section also contains language stating that, notwithstanding Section 422.10, **all** of the funds allocated to the counties from the Moneys and Credits Replacement Fund during FY 1988 shall be allocated to cities as required by the County Treasurer. The legislative action is dependent upon whether S.F. 279, which is the Governor's proposed Personal Property Tax Replacement Program, is enacted by the 72nd General Assembly and becomes law; if **so**, this Section is void.

Targeted Small Business Linked Deposit Program

Sec. 128

This Section establishes a Targeted Small Business Linked Deposit Program in the Office of the Treasurer of State. The Treasurer **is** to adopt rules to implement the Program which is to increase the availability of lower cost funds to inject needed capital into small businesses owned and operated by women or minorities. The linked deposits shall be approved in connection with a loan application for a targeted small business which has been certified by the Department of Economic Development (see Section 15.108(7)c, subparagraph 4, Code of Iowa). The maximum size of a targeted small business loan is \$100,000 per borrower for intangible property and \$250,000 for tangible personal or real property.

Sec. 120.4			
FY 1987	FY 1988	FY 1988	
Approp.	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$	2,159,713	2,159,713	

Funds are appropriated from the Primary Road Fund to the Department of Transportation for salary adjustment purposes.

State Aircraft Pool
S.F. 518
Sec. 9

This Section appropriates from the Road Use Tax Fund \$750,000 to the Department of Transportation for improving the State Aircraft Pool.

Unemployment Compensation
Sec. 7.3

FY 1987	FY 1988	FY 1988	
Approp.	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$ 12.250	12,500	12,500	

This appropriation is from the Road Use Tax Fund for unemployment compensation.

Sec. 10.4

FY 1987	FY 1988	FY 1988	
Approp.	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$ 232.750	232.750	232,750	

This appropriation is from the Primary Road fund for unemployment compensation.

Use Tax Revenues

Sec. 19

This Section amends Section 312.2(b), Code of Iowa, to cite a new Section which is created in Section 26 of this Act.

Sec. 26

This Section strikes Section 423.24, Code of Iowa, which provides for the deposit of revenues from the Use Tax, and inserts in lieu thereof a provision which provides for the deposit of Use Tax Revenue into the Primary Road Fund for bridge repair, improvement, and maintenance not otherwise eligible for payment from the Primary Road Fund. This Section provides for the disposition of remaining Use Tax funds to the Road Use Tax Fund.

Warehouse Lot Repaving

Sec. 18.1

This appropriation from the Primary Road Fund for \$150,000 is for repaving of the warehouse lot at the Ames complex.

Workers Compensation

Sec. 8

FY 1987	FY 1988	FY 1988	
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$ 32.750	95,080	95,080	

This appropriation is from the Road Use Tax Fund to the Department of Personnel for the purpose of paying workers' compensation claims on behalf of employees of the Department of Transportation and the Department of Public Safety, Division of Highway Safety and Uniformed Force. The FY 1987 appropriation represents funding for the Department of Transportation only, and did not include funds for the Department of Public Safety.

Workers' Compensation

Sec. 13

FY 1987	FY 1988	FY 1988	
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$ 622,500	666,540	666,540	

This appropriation is from the Primary Road Fund to the Department of Transportation to be transferred to the Department of Personnel for the purpose of paying workers' compensation claims on behalf of employees of the Department of Transportation.

TREASURER OF STATE. OFFICE OF

S.F. 511

Sec. 104

FY 1907	FY 1908	FY 1988	
<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>	
\$ 541,883	569,188	569,188	
FTE 25.00	25.00	25.00	

Funds are appropriated for salaries, support, maintenance, and other operational purposes of the Office of the Treasurer of State.

Audit Expense Fund

Sec. 133

ITEM
VETO

This Section creates in the Office of the Treasurer of State an Audit Expense Fund for the use of the Department to fund audit expenses as authorized in the Section. The Department may employ up to 25 additional FTE positions in its Tax Audit staff to increase tax audits. Positions filled under the authority of this Section shall be paid from funds in the Audit Expense Fund. Of the funds appropriated to the Department of Revenue and Finance, \$1,000,000 shall be credited to the Audit Expense Fund.

Payment for Relocation

Sec. 23

This Section amends Section 316.15, Code of Iowa, by authorizing the Department of Transportation to pay right-of-way and relocation benefits in the full amount authorized by federal rules and standards. Advanced payments may be made from the Primary Road Fund.

Planning and Research

Sec. 7.1c

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	274,000	283,645	283,645
FTE	9.00	9.00	9.00

This appropriation from the Road Use Tax Fund is for salaries, support, maintenance, and miscellaneous purposes for the Planning and Research Office.

Sec. 10.1c

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	5,216,000	5,300,387	5,388,387
FTE	164.00	164.00	164.00

This appropriation from the Primary Road Fund is for salaries, support, maintenance, and miscellaneous purposes for the Planning and Research Office.

Rail and Water

Sec. 7.1f

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	620,000	557,000	557,000
FTE	17.00	15.00	15.00

This appropriation is from the Road Use Tax Fund for salaries, support, maintenance, and miscellaneous purposes for the Rail and Water Office.

Sec. 10.1g

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	160,000	236,000	236,000
FTE	5.00	7.00	7.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for the Rail and Water Office.

Railroad Assistance Fund

Sec. 25

Language is included to amend Section 327H.24, Code of Iowa to exempt unobligated and unencumbered funds deposited in the Railroad Assistance Fund, from Section 8.33, Code of Iowa. This Section takes effect June 30, 1987.

Sec. 27.

This Section amends Section 327H.24, Code of Iowa, by adding a new unnumbered paragraph which allows interest credited to the Railroad Assistance Fund to be expended as nonreimbursable grants.

Replacement Costs

Sec. 10.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	2,000,000	2,000,000	2,000,000

This appropriation is from the Primary Road Fund to the Office of Rail Replacement for the increased replacement costs of vehicles, materials, and equipment.

Retirement of Bonds and Indebtedness on Bridges

Sec. 12

This appropriation is from the Use Tax Receipts in the Road Use Tax Fund to the Department of Transportation in an amount sufficient to retire bonds and indebtedness on state owned toll bridges. Tolls shall be eliminated no later than July 1, 1987. Language is included in this Section to exempt this Section from Section 8.33, Code of Iowa and to provide that Iowa residents collecting tolls on these bridges shall be given preference for subsequent employment opportunities with the Department of Transportation.

Road and Street Jurisdiction

Sec. 18

This Section states jurisdictions transferring streets or roads after May 1, 1987, are protected from liability in the transfer.

Salary Adjustment

S.F. 511

Sec. 120.2

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$		296,045	296,045

Funds are appropriated from the Road Use Tax Fund to the Department of Transportation for salary adjustment purposes

Highways

Sec. 10.1e	FV 1987 Approp.	FV 1988 Gov. Recomm.	FV 1988 Leg. Action
5	112,510,000	111,735,947	111,735,947
FTE	2,879.00	2,876.00	2,876.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for the Highways Office.

Language to Exempt Section

Sec. 15.3
Language is included which exempts unobligated and unencumbered funds appropriated in Section 15.2 of this Act from Section 8.33, Code of Iowa. Currently, an appropriation must be obligated by June 30 of the fiscal year it is appropriated. Funds appropriated under Section 15.2 must be obligated by September 30, 1991.

Sec. 30

Language is included to amend Chapter 1246.12. Acts of 1986, to exempt the Section from Section 8.33. Code of Iowa. This Section states unencumbered and unobligated funds remaining on June 30, 1991, appropriated in Section 12 shall revert to the Primary Road Fund on September 30, 1991. This Section takes effect June 30, 1987.

Loan Repayment

Sec. 28
This Section amends Chapter 198.32(1), Acts of 1983 so that funds from loan repayments to the Railroad Assistance Fund between July 1, 1987, and June 30, 1989, stay in the Railroad Assistance Fund.

Location of Garages

Sec. 29
Language is included to amend Chapter 1246.12(5), Acts of 1986, by specifying the location of the garages which the FV 1987 appropriation was made.

Merit

Sec. 10.3	FY 1987 Approp.	FV 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	304,000	304,000	304,000

This appropriation is from the Primary Road Fund to the Department of Transportation to be transferred to the Department of Personnel for expenses incurred in administering the Merit System on behalf of the Department of Transportation.

Sec. 7.2

FV 1987 Approp.	FV 1988 Gov. Recomm.	Leg. Action
\$ 16,000	16,000	16,000

This appropriation is from the Road Use Tax Fund to the Department of Personnel for expenses incurred in administering the Merit System on behalf of the Department of Transportation.

Motor Vehicles

Sec. 7.1e	FY 1987 Approp.	FY 1988 Gov. Recomm.	FV 1988 Leg. Action
\$	13,819,000	14,225,922	14,225,922
FTE	529.00	529.00	529.00

This appropriation is from the Road Use Tax Fund for salaries, support, maintenance, and miscellaneous purposes for the Motor Vehicles Office.

Sec. 10.1f

FY 1987 Approp.	FY 1988 Gov. Recomm.	FV 1988 Leg. Action
\$ 477,000	492,435	492,435
FTE 18.00	18.00	18.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for the Motor Vehicles Office.

New Transportation Network

Sec. 10.5
This Section appropriates from the Primary Road Fund \$750,000 for salaries and support of not more than 23 FTE positions and for maintenance and miscellaneous purposes for the New Transportation Network. This legislative action is dependent upon whether legislation to establish a New Transportation Network designed to serve business and industry is enacted by the General Assembly and becomes law; if not, this Section is void.

Sec. 14.2

This Section appropriates from the State Aviation Fund \$35,000 for salary and support of 1 FTE position, maintenance, and miscellaneous purposes of the New Transportation Network. This legislative action is dependent upon whether legislation to establish a New Transportation Network designed to serve business and industry is enacted by the General Assembly and becomes law; if not, this Section is void.

Aeronautics and Public TransitSec. 7.1d

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	152,000	156,275	156,275
FTE	4.00	4.00	4.00

This appropriation is from the Road Use Tax Fund for salaries, support, maintenance, and miscellaneous purposes for the Aeronautics and Public Transit Office.

Sec. 10.1d

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomin.</u>	<u>Leg. Action</u>
\$	152,792	156.275	156,275
FTE	4.00	4.00	4.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for the Aeronautics and Public Transit Office.

Sec. 14.1

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	269,208	276,548	276,548
FTE	8.00	8.00	8.00

This appropriation is from the State Aviation Fund for administration of Aeronautics and Public Transit.

Airport ImprovementsSec. 11

This appropriation from the general fund for \$260,000 is for terminal improvements at essential air service airports.

Area GaragesSec. 15.2

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,344,000	1,815,000	3,510,500

This appropriation is from the Primary Road fund for replacement of obsolete facilities at specified locations. Language included in this Section requires the Department of Transportation to assess the availability of other buildings before building new garages.

Bridge AgreementsSec. 21

This Section eliminates a requirement that the Department of Transportation not enter into an agreement for acceptance of ownership of an

interstate bridge unless the adjoining state agrees to pay the costs of maintaining the adjoining state's portion of the bridge or its proportionate share of the cost of maintaining the bridge.

Bridge OwnershipSec. 22

This Section allows the Director of the Department of Transportation to include in an agreement with another state for the division of ownership with the adjoining state, and for the proportional division of maintenance costs on interstate bridges. Current law requires such ownership to be dependent upon the portion of the bridge which is within each state.

County, City, State Traffic Safety ImprovementsSec. 20

This Section amends the Section 312.2, Code of Iowa, by creating a standing appropriation from the Road Use Tax Fund to the Department of Transportation in an amount equal to .5% of moneys credited to the Road Use Tax Fund for county, city, and state traffic safety improvement projects.

General CounselSec. 7.1b

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	80,000	116.925	116.005
FTE	1.00	1.00	

This appropriation is from the Road Use Tax Fund for salaries, support, maintenance, and miscellaneous purposes for the General Counsel Office.

Sec. 10.1b

	FY 1987	FY 1988	FY 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	722,000	689,942	689,942
FTE	7.00	7.00	7.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for General Counsel Office.

Highway ProjectSec. 16

This Section requires the Department of Transportation to complete a specified highway project.

Motor Vehicle Fuel Tax Fund

Sec. 113

	FV 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	863,351	852.708	977,676

Funds are appropriated from the Motor Vehicle Fuel Tax Fund to the Department of Revenue and Finance for salaries, support, maintenance, and other operational purposes for administration and enforcement of the provisions of Chapter 324, Code of Iowa, and the Motor Vehicle Use Tax Program. This appropriation represents an increase of \$125,000 (14.7%) over the Governor's recommendation.

This Section contains language stating that \$125,000 of the funds appropriated in this Section shall be used for increased monitoring of Special Fuel Tax Accounts and the collection of delinquent fuel taxes. The Department shall report quarterly beginning July 1, 1987, to the Legislative Fiscal Bureau, estimates of additional reflected as a result of any increase in auditing and enforcement provided under this appropriation.

Motor Vehicle Fuel Tax

Sec. 132

This Section amends Section 324.66. unnumbered paragraph), Code of Iowa. so the appropriate state agency shall administer the taxes imposed by this Chapter in the same manner as and subject to Section 422.25,(4) and Section 422.52(3).

Municipal Assistance Fund

Sec. 118

	FY 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	14,502,280	Pers Prop Tax Replace. Program	14.503.500

Funds are appropriated to the Municipal Assistance Fund to be distributed to cities on a per capita basis and to be used for any lawful purpose. The legislative action is dependent upon whether S.F. 279, which is the Governor's proposed Property Tax Replacement Program, is enacted by the 72nd General Assembly, and becomes law; if so, this Section is void'.

SECRETARY Of STATE
General Office

S.F. 511

Sec. 101

	FV 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	1,197,090	1,230,399	1,295,192
FTE	44.00	44.00	45.00

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes of the General Office. The legislative action represents a 5.3% increase from the Governor's recommendation.

STATE/FEDERAL RELATIONS, OFFICE FOR

S.F. 511

Sec. 116

	FY 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	0	0	190,034
FTE			3.00

Funds are appropriated to establish an Office for State/Federal Relations which will be a non-partisan State/Federal Relations Program accessible to all 3 branches of state government. The legislative action represents an appropriation of \$190,034 for the State/Federal Office as an independent agency, which is the same amount the Governor's recommendation had appropriated for the State/Federal Office within the Department of Management.

Sec. 126

This Section establishes the Office for ITEM State-Federal Relations as an independent agency **VETO** and defines its purpose and duties in the Code of Iowa.

TRANSPORTATION, OEPARTWENT OF
Administrative Services

S.F. 518

Sec. 7.1a

	FV 1987	FY 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	2,430.745	2,637,476	2,637,476
FTE	46.00	49.00	49.00

This appropriation is from the Road Use Tax Fund for salaries, support, maintenance, and miscellaneous purposes Of the Administrative Services Office.

Sec. 10.1a

	FY 1987	FV 1988	FV 1988
	<u>Approp.</u>	<u>Gov. Recomm.</u>	<u>Leg. Action</u>
\$	15,910,905	16,355,404	16,355,404
FTE	304.00	301.00	301.00

This appropriation is from the Primary Road Fund for salaries, support, maintenance, and miscellaneous purposes for the Administrative Services Office.

many outreach health service programs, campus resources are devoted to a host of multidisciplinary educational and research programs at both the graduate and undergraduate levels. The Governor's recommendation and legislative action represent a **342.492 (1.8%)** increase over the FY 1987 funding level.

Psychiatric Hospital
Sec. 408.2f

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	5,688,643	5,770,862	5,770,862
FTE	287.26	287.26	287.26

Funds are appropriated to continue to evaluate the clinical, educational and research programs. Specific institutional goals include the development of methods to treat depressive illnesses; continued development of programs to treat autistic children; ongoing development of the psychiatric clinic as an educational setting for residents and fellows, nurses, and other allied health disciplines; and replacement of outmoded inpatient facilities. The Governor's recommendation and legislative action represent a **\$82.219 (1.4%)** increase over the FY 1987 funding level.

Specialized Child Health Care Services

Sec. 408.2b3

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	302,285	316,038	316,038
FTE	12.39	12.39	12.39

Funds are appropriated to provide statewide health services and resources to Iowa children and families with specialized health care needs. Programs include a statewide childhood cancer diagnostic and treatment service, a statewide rural comprehensive care service for hemophilia patients, and a statewide program to monitor infants at risk of physical and developmental problems. The Governor's recommendation and legislative action represent a **\$13.753 (4.5%)** increase over the FY 1987 funding level.

University of Northern Iowa (UNI)

Sec. 408.4

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	40,772,721	41,418,679	42,418,679
FTE	1,323.77	1,288.57	1,324

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of UNI. Legislative action represents a **31,645,958 (4%)**

increase over the FY 1987 funding level. As a condition of this appropriation, students at the 3 Regent Universities **must** not be discriminated against in having access to a student operated book exchange.

REVENUE AND FINANCE. DEPARTMENT OF
County Government Assistance Fund

S.F. 511

Sec. 119

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	3,195,236	Pers Prop Tax	5,296,500
		Replace. Program	

Funds are appropriated to the County Government Assistance Fund to be distributed to the counties on a per capita basis and to be used insofar as practicable, for projects and programs developed and maintained for citizens in unincorporated areas of the county. The legislative action is dependent upon whether S.F. 279, which is the Governor's proposed Personal Property Tax Replacement Program, is enacted by the 72nd General Assembly and becomes law; if so, this Section is void.

General Operations

Sec. 112

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
3	17,014,522	17,316,998	17,316,998
FTE	615.28	613.28	613.28

Funds are appropriated for salaries, support, maintenance, and miscellaneous purposes for the Department of Revenue and Finance.

Lottery Fund

Sec. 114

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$		7,458,628	7,450,628
FTE		141.35	141.35

ITEM
VETO

Funds are appropriated from the Lottery Fund to the Department of Revenue and Finance for salaries, support, maintenance, and miscellaneous purposes of the Department. This Section contains language stating that the Lottery Division may expend additional funds upon approval of the Department of Management and the Fiscal Committee of the Legislative Council.

family Practice
Sec. 408.2b2

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	1,446,022	1,449,437	1,449,437
FTE	176.84	176.84	176.84

Funds are appropriated to provide graduate medical education in family practice through a network of 9 residency training programs. Programs are located in 7 cities: Cedar Rapids; Davenport; Des Moines (3 programs); Iowa City; Mason City; Sioux City; and Waterloo. The combined enrollment of 170 physician trainees for 1986-87 is spread over 3 levels of the 3-year educational program. The Governor's recommendation and legislative action represent a \$3,415 (0.2%) increase over the FY 1987 funding level.

Hospital School
Sec. 408.2h

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	4,232,130	4,317,764	4,317,764
FTE	185.73	185.73	185.73

Funds are appropriated to continue to enhance and expand, when appropriate, services for infants, children and young adults who are developmentally disabled and chronically health impaired and to participate in developing the most effective and efficient state-wide service systems for these infants, children and young adults that reflect the highest standards of treatment and care, and to expand training purposes. The Governor's recommendation and legislative action represent a \$85,634 (2%) increase over the FY 1987 funding level.

Sec. 408.2g

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	2,323,419	2,375,932	2,375,932
FTE	111.54	110.04	110.04

Funds are appropriated to provide the highest level of state-wide laboratory scientific services to Iowans and State and Federal regulatory agencies in the control of all communicable diseases, the detection of neonatal errors of metabolism, and in assurance of a safe, quality environment, to improve the proficiency of the hospital and other purposes. The Governor's recommendation and legislative action represent a \$52,513 (2.2%) increase over the FY 1987 funding level.

Indigent Patient Quarterly Reports
Sec. 408.2d

This Section requires the University Hospital to submit the reports required by Section 255.54. Code of Iowa, to the Department of Management and the Legislative Fiscal Bureau quarterly.

Indigent Patient
Sec. 408.2b1; 498

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	25,153,434	25,529,058	25,529,058
FTE	4,683.13	4,718.83	4,718.83

The University Hospital's goal is to maintain and enhance services as the tertiary, specialized care and referral center for the State of Iowa operating in support of statewide community based health care systems, to serve as the primary clinical teaching unit for the University's Health Science Education programs, and as a base for clinical research. Funds are appropriated for salaries, support, maintenance and miscellaneous purposes for the University of Iowa, Indigent Patient Program.

Indigent Qualifications and Organ Transplants
Sec. 408.2c

This Section requires County Relief Officers to verify if a patient qualifies for Medicaid. If a patient does qualify then that patient may not be covered by the Indigent Patient Care Program. State funds expended for indigent patient organ transplants are not to exceed .9% of the total state funding for the Indigent Patient Program. No indigent organ transplants shall be performed unless the patient meets established national criteria. In addition, county quotas for indigent patients may not be lower than the quotas for FY 1987.

Medically Needy Abortions
Sec. 408.2e

This Subsection states that none of the funds appropriated to the University Hospital shall be used to perform abortions except medically necessary abortions.

Oakdale Campus
Sec. 408.2i

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	2,380,305	2,422,797	2,422,797
FTE	82.00	82.00	82.00

Funds are appropriated to the Oakdale Campus to provide the facilities and environment to accommodate University-related research, educational and service programs. In addition to

Nonreversion Clause
Sec. 408.7

The University of Iowa, Iowa State University, and the University of Northern Iowa general university appropriations for FY 1988 are exempt from reverting on June 30, 1988. The Universities are to provide a listing of goods and services not received for FY 1988 to the Department of Management and the Legislative Fiscal Bureau.

Regents Board Office
Sec. 408.1a

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	461,203	483,370	483,370
FTE	18.63	18.63	18.63

ITEM VE10 The primary goal of the Office is to provide relevant information and effective review of all policies and proposals coming to the Board of Regents for consideration. Funds are appropriated for the salaries, support, maintenance, and miscellaneous purposes of the Regents Board Office. Legislative action represents a \$22.167 (4.8%) increase over the FY 1987 appropriation. As a condition of this appropriation, the Office of the State Board must direct that the University student newspapers be provided to the Education Appropriations Chairs, Ranking Members, the Legislative Fiscal Bureau, and the Department of Management.

Salary Adjustment
Sec. 120.6

This Subsection states that the funds allocated to the State Board of Regents for faculty salary adjustments at the 3 state universities shall be distributed based on an amount necessary to fund an 1.1% increase in the faculty salaries after funds received from increased tuition, less the amount committed to student aid, have been allocated for that purpose.

Self-Liquidating Bonds
Sec. 466-470

The Board of Regents is allowed to issue self-liquidating bonds without the approval of the General Assembly. Any additional amount of bonding which exceeds the cost necessary to complete any bonding project must be used to pay the principal and interest due on the bonds.

Tuition Increases
Sec. 465

This Section requires the Board to notify student leaders of proposed tuition changes 30 days prior to their consideration. The Board meeting in which tuition increases are considered must be held in

Ames, Iowa City, or Cedar Falls prior to December of the preceding fiscal year.

Tuition Replacement

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FV 1988</u> <u>Leg. Action</u>
\$	17,291,054	17,412,000	16,220,946

funds for tuition replacement are appropriated by the General Assembly to pay the debt service on outstanding academic building revenue bonds. Since the Program was initiated in 1970, \$201,225,000 in academic revenue bonds have been authorized by the General Assembly for issuance by the Regents. Legislative action represents a \$1,191,054 (6.8%) decrease from the Governor's recommendation. Section 412 exempts the tuition replacement appropriated for FV 1907 from reversion. It is estimated that \$16,100,000 will be expended in FY 1907. The decrease from the Governor's recommendation represents 31,191,054 which will carry forward into FY 1988. Section 498 makes Section 412 effective upon enactment.

University of Iowa (SUI)

	<u>FY 1987</u> <u>Approp.</u>	<u>FY 1988</u> <u>Gov. Recomm.</u>	<u>FY 1988</u> <u>Leg. Action</u>
\$	127,495,487	128,316,205	130,619,205
FTE	4,310.66	4,221.68	4,221.68

Funds are appropriated for salaries, support, maintenance and miscellaneous purposes of the University of Iowa. Legislative action represents a \$3,123,718 (2.5%) increase over FY 1987. A portion of this increase is to be used for the following: \$378,000 for professional and scientific staff salary increases; \$145,000 for graduate students adversely affected by the Federal Tax Reform Act of 1986; and \$1,780,000 for educational quality projects.

Agricultural Health and Safety Service Pilot Programs

	<u>FV 1987</u> <u>Approp.</u>	<u>FV 1988</u> <u>Gov. Recomm.</u>	<u>FV 1988</u> <u>Leg. Action</u>
\$	0	0	60,000

Funds are appropriated to the State Board of Regents to establish an Agricultural Health and Safety Service Pilot Program. This Program is a 2 year pilot project to provide medical and engineering services to any person engaged in farming.

adversely affected by the Federal Tax Reform Act of 1986; and \$1,780,000 for educational quality projects for the General University, Cooperative Extension, or the Agricultural Experiment Station. From this appropriation, \$224,469 was transferred directly to the Fire Service Institute from the general University budget.

Agricultural Experiment Station
Sec. 408.3b

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	11,908,958	12,111,042	12,111,042
FTE	385.00	413.50	413.50

Funds are appropriated to train personnel and conduct basic and applied research in solving technological and sociological problems in agriculture and home economics for the citizens of the state, including the coordination of research programs at the national and regional level through interdisciplinary programs which involve conservation, development and use of natural resources native to the State of Iowa. The Governor's recommendation and legislative action represent a \$202,084 (1.7%) increase over the FY 1987 funding level.

Amorphous Silicon Research
Sec. 409

	FY 1986 Approp.	FY 1987 Gov. Recomm.	FY 1987 Leg. Action
\$			2,000,000

ITEM
VETO

This Section appropriates \$2,000,000 for amorphous silicon research at Iowa State University. The funds are appropriated for FY 1987 and are allowed to be carried over and utilized in FY 1988.

Cooperative Extension
Sec. 408.3c

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	11,443,436	12,253,345	12,253,345
FTE	488.00	496.98	496.98

Funds are appropriated for useful, practical, problem solving information that contributes to the development and improvement of the state's economic activity, its public and private institutions, its communities, its families and individuals. The Governor's recommendation and legislative action represent a \$809,909 (7.1%) increase over the FY 1987 funding level.

Fire Service Institute
Sec. 408.3e

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	140,377	140,377	389,846
FTE	5.08	5.08	11.00

Funds are appropriated to the Fire Service Institute which conducts training and research on methods of maintaining and improving fire education consistent with the needs of Iowa's communities which are served by approximately 900 fire departments and 25,000 fire fighters. Legislative action represents an increase of \$249,469 over the FY 1987 funding level. Of this increase, \$224,469 is transferred from Iowa State's General University budget and the remaining increase returns the Institute to FY 1986 funding level.

Rural Concern Hotline
Sec. 408.34

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	90,000	90,000	90,000
FTE	4.50	4.50	4.50

The appropriation is for the Rural Concern Hotline, a 24-hour per day to I-free hotline service which provides information, referrals, and counseling on farm and family problems of a financial, legal or personal nature.

Water Resources
Sec. 408.3f

	FY 1987 Approp.	FY 1988 Gov. Recomm.	FY 1988 Leg. Action
\$	100,000	100,000	100,000
FTE	2.00	2.00	2.00

Funds are appropriated for research conducted by the Iowa State Water Resources Research Institute. These funds are directed toward the solution of priority water problems for the State of Iowa. These funds are utilized in connection with cost sharing requirements for continuing federal support from the Office of Water Research Technology, United States Department of Interior. This Program involves supporting projects at other Iowa colleges and universities.

Iowa's Sister States
Sec. 464

This Section allows the Board of Regents to adopt rules relating to the classification of students determined to be residents of Iowa's Sister States as residents of nonresidents For fee purposes.

LEGISLATIVE OVERSIGHT

LEGISLATIVE OVERSIGHT ACTIVITIES

In Section 2.55. Code of Iowa. the General Assembly assigned the Legislative Fiscal Bureau the responsibility of reviewing the goals, objectives, and performance measures for all Departments and programs within State Government. The intent of the General Assembly is to establish in the Legislative branch of government the capability to independently and intensively review the performance of state agencies in operating programs, to evaluate program efficiency and effectiveness, and to consider alternatives which may improve the benefits of a program or may reduce costs to the citizens. Prior to the 72nd General Assembly and during the 1986 Session, the Legislative Fiscal Bureau was involved in an ongoing basis of establishing the guidelines and process of the legislative oversight responsibility. The intent of this effort was to generate information for the legislators, so the legislators could decide the extent to which programs which had been funded were meeting legislatively mandated goals and objectives. This information became useful during the appropriations process as it illustrated and compared historical and estimated agency performance with the historical and requested levels of funding for the Departments. Where discrepancies were discovered between requested level of funding and actual agency performance, agency personnel were expected to provide a rationale for the discrepancy.

This information provided to legislators a variety of performance measures which were indicators of the health of state government. (For example: percentage of a population being served; number of miles of new road constructed and the average cost per mile by classification; total number, range, and average amount of grants provided by the state of Iowa.)

During the 72nd General Assembly, appropriations subcommittee staff worked with assigned Committees to identify 1 or 2 programs to evaluate. Legislative Fiscal Bureau staff encouraged the participation and input of Caucus staff, Department of Management staff, and worked closely with the staff of the Department regarding programs being reviewed. The following is a brief description of the methodology utilized by the Legislative Fiscal Bureau which was used to gather and generate the legislative oversight information, then was presented to the appropriations subcommittees and subsequently adopted by the appropriations subcommittees to become a part of the Appropriations bills (H.F. 671 and S.F. 511).

Step 1. Review Program Material: This review included all legislation relevant to the program, administrative rules, the agency budget documents,

discussions with program personnel, statements and messages from elected officials, board members, and citizens, and any other available materials describing the program for the public.

Step 2. Review Program Goals: If identifiable goals were available for the program, staff were to determine if the goals: were in agreement with legislation or rules; reflected the intent of the policy makers; and were written to express a desired outcome rather than a process or an action to be taken.

Step 3. Review Program Objectives: Where program objectives were identifiable, staff were to determine if the objectives were related to the goals of the program, and if the program objectives could be accomplished in a specified time frame.

Step 4. Development of Goals, Program Objectives, or Performance Measures: Where some or all of the goals, Objectives, or performance measures were in conflict with the guidelines utilized, or did not exist, Legislative Fiscal Bureau staff worked closely with agency personnel to generate and develop the goals, objectives and performance measures of the program being reviewed. Agency personnel were very cooperative throughout the oversight process and upon gaining an understanding of the process, were satisfied for the most part with the outcome of the process.

Step 5. Presentation of Legislative Oversight Information to the Appropriations Subcommittees: Upon conclusion of the oversight process, the information was presented to Senate and House members of the various appropriations subcommittees for review. In most cases, agency staff were provided an opportunity to comment on the process and the resulting goals and objectives. The specific performance measures were agreed to be developed and data collection begun by July 1, 1987.

The following are the appropriations subcommittees which reviewed the legislative oversight information, plus the agencies and programs which were selected to be reviewed and became incorporated into S.F. 511 and H.F. 671.

1. Agriculture and Natural Resources

Law Enforcement Bureau of the Fish and Wildlife Division of the Department of Natural Resources -- S.F. 511, Section 205.5

2. Economic Development

A. Agricultural Marketing Program of the Department of Economic Development --

S.F. 511, Section 301.15

8. Community Economic Betterment Grant Program (CEBA) of the Department of Economic Development -- S.F. 511, Section 20
3. Education
Regional Libraries Program of the Department of Cultural Affairs -- S.F. 511, Section 421
4. Health and Human Rights
Law Enforcement Function of the Civil Rights Commission -- H.F. 671, Section 102
5. Human Services
Family Centered Service Program Purchased by the Department of Human Services -- H.F. 671, Section 201
6. Justice System
Community Based Corrections Program of the Department of Corrections -- H.F. 671, Section 306
7. Regulation
Rates and Forms Review Program of the Department of Insurance -- H.F. 671, Section 410.5
8. Transportation and Safety
Iowa Law Enforcement Academy -- S.F. 511, Section 1.3

The Governor item vetoed each Section which contained legislative oversight in S.F. 511 or H.F. 671.

ENROLLED BILLS

S.F.

101
264
274
481
499
504
509
511
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517
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519
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H.F.

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499
589
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673
675
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682

S.C.R.

35

SENATE FILE 101

AN ACT

RELATING TO MOBILE HOME TAXES AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 135D.22, Code 1987, is amended to read as follows:

135D.22 SEMI-ANNUAL ANNUAL TAX.

The owner of each mobile home shall pay to the county treasurer a semi-annual an annual tax as herein provided. However, when the owner is any educational institution and the mobile home is used solely for student housing or when the owner is the state of Iowa or a subdivision thereof, the owner shall be exempt from the tax provided herein. The semi-annual annual tax shall be computed as follows:

1. Multiply the number of square feet of floor space each mobile home contains when parked and in use by ten twenty cents. In computing floor space, the exterior measurements of the mobile home shall be used as shown on the certificate of registration and title, but not including any area occupied by a hitching device.

2. If the owner of the mobile home was totally disabled, as defined in section 425.17, subsection 6 on or before December 31 of the base year, is a surviving spouse having attained the age of fifty-five years on or before December 31 of the base year or has attained the age of sixty-five years on or before December 31 of the base year and has an income when included with that of a spouse which is less than five thousand dollars per year, no semi-annual annual tax shall be imposed on the mobile home. If the income is five thousand dollars or more but less than twelve thousand dollars, the semi-annual annual tax shall be computed as follows:

If the household Semi-annual Annual Tax Per

Income is:	Square Foot
\$5,000 - 5,999.99	3-0 6.0 cents
6,000 - 6,999.99	5-0 10.0
7,000 - 7,999.99	6-0 12.0
8,000 - 8,999.99	7-0 14.0
9,000 - 11,999.99	7-5 15.0

For purposes of this subsection *income* means income as defined in section 425.17, subsection 1, and "base year" means the calendar year preceding the year in which the claim for a reduced rate of tax is filed. The mobile home reduced rate of tax shall only be allowed on the mobile home in which the claimant is residing at the time in which the claim for a reduced rate of tax is filed.

3. The amount thus computed shall be the semi-annual annual tax for all mobile homes for the first five years after the year of manufacture.

4. ~~For the sixth through ninth years after the year of manufacture the semi-annual tax is ninety percent of the tax computed according to subsection 1 or 2 of this section, whichever is applicable.~~

5. ~~For all mobile homes ten or more years after the year of manufacture the semi-annual tax is eighty percent of the tax computed according to subsection 1 or 2 of this section, whichever is applicable.~~

6. The semi-annual tax shall be figured to the nearest even whole dollar.

7. ~~On or before April 1 of each year, each mobile home owner eligible for a reduced tax rate shall file a claim for this tax rate with the county treasurer. The forms for filing the claim shall be provided by the department of revenue and finance. The forms shall require information as determined by the director of revenue and finance. The reduced tax rate is applicable to both semi-annual tax payments due in the calendar year in which the claim is filed. If an eligible mobile home owner fails to file a claim by April 1, the reduced tax rate shall not be granted for the semi-annual tax payment due by~~

S.F. 101

~~April 17 of that year. Claims filed with the county treasurer after April 17 but before October 17 are applicable to the semiannual tax payment due by October 17 only.~~

~~On or before April 15 of each year, the county treasurer shall prepare a statement listing for each taxing district in the county the total amount of taxes which will not be collected for the calendar year by reason of the reduced tax rate granted under subsection 2. The county treasurer shall certify and forward the statement to the director of revenue and finance not later than April 15 of each year.~~

5. A claim for credit for mobile home tax due shall not be paid or allowed unless the claim is actually filed with the county treasurer between January 1 and June 1, both dates inclusive, immediately preceding the fiscal year during which the mobile home taxes are due and, with the exception of a claim filed on behalf of a deceased claimant by the claimant's legal guardian, spouse, or attorney, or by the executor or administrator of the claimant's estate, contains an affidavit of the claimant's intent to occupy the mobile home for six months or more during the fiscal year beginning in the calendar year in which the claim is filed. The county treasurer shall submit the claim to the director of revenue and finance on or before August 1 each year.

The forms for filing the claim shall be provided by the department of revenue and finance. The forms shall require information as determined by the department.

In case of sickness, absence, or other disability of the claimant or if, in the judgment of the director of revenue and finance, good cause exists and the claimant requests an extension, the director may extend the time for filing a claim for credit or reimbursement. However, any further time granted shall not extend beyond December 31 of the year in which the claim was required to be filed. Claims filed as a result of this paragraph shall be filed with the director who shall provide for the reimbursement of the claim to the claimant.

The director of revenue and finance shall certify the amount due to each county, which amount shall be the dollar amount which will not be collected due to the granting of the reduced tax rate under subsection 2.

The amounts due each county shall be paid by the department of revenue and finance on December 15 of each year, drawn upon warrants payable to the respective county treasurers. The county treasurer in each county shall apportion the payment in accordance with section 135D.25.

There is appropriated annually from the general fund of the state to the department of revenue and finance an amount sufficient to carry out this subsection.

Sec. 2. Section 135D.23, Code 1987, is amended to read as follows:

135D.23 EXEMPTIONS PRORATING TAX.

~~There shall be exempted from the semiannual tax the~~ The manufacturer's and dealer's inventory of mobile homes not in use as a place of human habitation shall be exempt from ~~the~~ the annual tax. All travel trailers shall be exempt from this tax. Mobile homes and travel trailers in the inventory of manufacturers and dealers shall be exempt from personal property tax. Mobile homes coming into Iowa from out of state shall be liable for the tax computed pro rata to the nearest whole month, for the time such mobile home is actually situated in Iowa.

Sec. 3. Section 135D.24, subsection 1, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

1. The annual tax is due and payable to the county treasurer on or after July 1 in each fiscal year and is collectible in the same manner and at the same time as ordinary taxes as provided in sections 445.36, ~~445.37~~, and 445.39. Penalties at the rate prescribed by law shall accrue on unpaid taxes but the penalty shall not exceed forty-eight percent. Both installments of taxes may be paid at one time. The September installment represents a tax period beginning

July 1 and ending December 31. The March installment represents a tax period beginning January 1 and ending June 30. A mobile home, coming into this state from outside the state, put in use from a dealer's inventory, or put in use at any time after July 1 or January 1, is subject to the taxes prorated for the remaining unexpired months of the tax period, but the purchaser is not required to pay the tax at the time of purchase. A penalty attaches the following April 1 for taxes prorated on or after October 1. A penalty attaches the following October 1 for taxes prorated on or after April 1. If the taxes are not paid, the county treasurer shall send a statement of delinquent taxes as part of the notice of tax sale as provided in section 446.9. The owner of a mobile home who sells the mobile home between July 1 and December 31 and obtains a tax clearance statement is responsible only for the September tax payment and is not required to pay taxes for subsequent tax periods. Interest added as a penalty for delinquent taxes shall be calculated to the nearest whole dollar.

Sec. 4. Section 135D.24, subsection 5, Code 1987, is amended to read as follows:

5. A modular home as defined by this chapter is not subject to or assessed the ~~semiannual~~ annual tax pursuant to this section, but shall be assessed and taxed as real estate pursuant to chapter 427.

Sec. 5. Section 135D.24, subsection 6, Code 1987, is amended to read as follows:

6. Before a mobile home may be moved from its present site, a tax clearance statement in the name of the owner must be obtained from the county treasurer of the county where the present site is located certifying that taxes are not owing under this section for previous years and that the taxes have been paid for the current tax period. However, a tax clearance statement shall not be required for a mobile home in a manufacturer's or dealer's stock which is not used as a place for human habitation. A tax clearance form is not

required to move an abandoned mobile home. A tax clearance form is not required in eviction cases provided the mobile home park owner or manager advises the county treasurer that the tenant is being evicted. If a dealer acquires a mobile home from a person other than a manufacturer, the person shall provide a tax clearance statement in the name of the owner of record to the dealer. The tax clearance statement shall be provided by the county treasurer and shall be made out in quadruplicate. Two copies are to be provided to the company or person transporting the mobile home with one copy to be carried in the vehicle transporting the mobile home. One copy is to be forwarded to the county treasurer of the county in which the mobile home is to be relocated and one copy is to be retained by the county treasurer issuing the tax clearance statement.

Sec. 6. Section 135D.25, unnumbered paragraph 2, Code 1987, is amended to read as follows:

Chapters 446, 447, and 448 apply to the sale of a mobile home for the collection of delinquent taxes and penalties, the redemption of a mobile home sold for the collection of delinquent taxes and penalties, and the execution of a tax sale certificate of title for the purchase of a mobile home sold for the collection of delinquent taxes and penalties in the same manner as though a mobile home were real property within the meaning of these chapters to the extent consistent with this chapter. The certificate of title shall be issued by the county treasurer. The county treasurer shall charge ten dollars for each certificate of title except that the county treasurer shall issue a tax sale certificate of title to the county at no charge.

Sec. 7. Section 1350.25, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. When a mobile home is removed from the county where delinquent taxes, both regular or special, are owing, or when it is administratively impractical to pursue tax collection through the remedies of this section,

all taxes, both regular or special, penalties, interest, and costs shall be abated by resolution of the county board of supervisors. **The** resolution shall direct the county treasurer to strike from the tax books the reference to that mobile home.

Sec. 8. This Act takes effect July 1, 1988,

JO ANN ZIMMERMAN

President of the Senate

DONALD D. AVENSON

Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 101, Seventy-second General Assembly.

JOHN F. DWYER

Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD

Governor

Sec. 3. This Act is retroactive to January 1, 1987 for assessments for assessment years commencing on and after January 1, 1987.

SENATE FILE 264

AN ACT

RELATING TO REVOCATION OF A PROPERTY TAX EXEMPTION AND MAKING THE ACT RETROACTIVE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 441.17, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 11. Cause to be assessed for taxation property which the assessor believes has been erroneously exempted from taxation. Revocation of a property tax exemption shall commence with the assessment for the current assessment year, and shall not be applied to prior assessment years.

Sec. 2. Section 441.35, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 3. To add to the assessment rolls for taxation property which the board believes has been erroneously exempted from taxation. Revocation of a property tax exemption, shall commence with the assessment for the current assessment year, and shall not be applied to prior assessment years.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 264, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

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SENATE FILE 274

AN ACT

RELATING TO THE EXPORTING OF IOWA AGRICULTURAL PRODUCTS AND COMMODITIES, BY PROVIDING FOR THE ESTABLISHMENT OF AN IOWA AGRICULTURAL EXPORT TRADING COMPANY; ESTABLISHING A CERTIFIED IOWA COMMODITY PROGRAM; A NEW BUREAU OF AGRICULTURAL INSPECTION WITHIN THE DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP; A STATE TERMINAL AND SHIPPERS PROGRAM; AN AGRIMARKETING DATA BANK; AND A SEALED CARRIER RECEPTACLE PROGRAM; IMPOSING PENALTIES; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 159.31 INTENT.

This division is intended to create a state-assisted Iowa agricultural export trading company to assist private enterprise in the sale and export of Iowa agricultural products and commodities. A public-private partnership, the company shall act as an intermediary for suppliers, shippers, private export-trading companies, and other persons within the state, and for members of the interstate compact on agricultural grain marketing. As an interim measure an Iowa agricultural trading board will assist in the organization of the Iowa agricultural export trading company and prior to the organization, facilitate sales to the extent possible with state assistance. The department of agriculture and land stewardship and other state departments and agencies shall assist the company in dealings with foreign governments and other purchasers: The company's services shall include, but are not limited to, marketing and negotiation, information and coordination, and other sale facilitation services.

This division will further uniquely identify Iowa quality agricultural products and commodities through an inspection

and certification program intended to be responsive to individual buyers' specifications. The bureau of agricultural inspection will assure delivery to the buyer with quality undiminished.

An agrimarketing data bank is established. The data bank will provide information on the availability, kind, quality, and price of agricultural products, commodities, and storage and transportation facilities. The information is designed to enhance sales of the export trading company and other sellers.

This division is intended to take advantage of the federal Export Trading Company Act of 1982, Pub. L. No. 97-290.

Sec. 2. NEW SECTION. 159.32 IOWA AGRICULTURAL TRADING BOARD.

1. FORMATION. The Iowa agricultural trading board is created within the department of agriculture and land stewardship.

The board shall consist of the following members:

- a. The secretary, who shall be the chairperson of the board.
- b. The director of the agricultural marketing division.
- c. The director of the Iowa department of economic development.
- d. Four additional nonvoting members from the private sector appointed by the secretary, who shall be knowledgeable in the area of farming, exporting, agricultural product or commodity storage, transportation, marketing, or finance.

The board shall reflect, to the maximum extent practicable, a gender balance.

2. The board shall meet monthly or more often as directed by the secretary. The agricultural export trading board shall begin its function immediately upon formation.

Sec. 3. NEW SECTION. 159.33 PURPOSES AND POWERS.

1. GENERAL. The purposes of the Iowa agricultural trading board are to assist producers, shippers, and sellers of Iowa agricultural products and commodities; to further the goals and purposes of the interstate compact on agricultural grain

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marketing; to expand existing markets; and to develop new markets both foreign and domestic through, but not limited to, the following:

a. Direct negotiation with foreign governments or their agencies, and other buyers, foreign or domestic, as an agent for persons approved by the board.

b. Acceptance of orders from person, to be placed with Iowa sellers, if possible.

c. Exploration and development of specialty-type deliveries which include small deliveries of grains or other agricultural products and commodities to countries with inadequate storage capacities or high quality grain deliveries through reduced blending or under the certified Iowa grain program.

d. Arrangement of counter trade or barter options as an agent.

2. SECRETARY AS AGENT. The secretary, or the secretary's designee, may serve as an agent for a person engaged in trade within the scope of the board's powers, if assistance to that person has been approved by the board. Terms of assistance may include, but are not limited to, terms specifying available services, fees for services, and compensation for expenses. When the Iowa agricultural export trading company is organized pursuant to sections 159.34 through 159.35, the Iowa agricultural trading board shall be dissolved and cease to operate. The Iowa department of economic development, and other departments and agencies of the state, including the state board of regents and its institutions, shall cooperate with and assist the board upon the secretary's request.

3. FEDERAL EXPORT TRADING COMPANY ACT. The Iowa agricultural trading board has the powers necessary to fulfill the purposes of this division and shall be organized to comply with the requirements of the federal Export Trading Company Act of 1982, Pub. L. No. 97-290, which do not conflict with or are not further limited by this division so as to enjoy the benefits of that Act if possible.

4. INTERSTATE GRAIN COMPACT. The Iowa agricultural trading board has the powers and shall be organized to complement and further the goals and purposes of the Interstate compact on agricultural grain marketing. However, the board shall not exercise any powers described in chapter 183, unless acting pursuant to an agreement entered into by the board and the agricultural grain marketing commission.

5. SOVEREIGN IMMUNITY. The state of Iowa, and its elected officials, employees, and agents, are not liable for any civil causes of action, including but not limited to actions related to contracts, arising out of the operations of the Iowa agricultural trading board, including actions in which the state, and its elected officials, employees, and agent, act as an agent of a person or act to assist a person.

Sec. 4. NEW SECTION. 159.34 AUTHORIZED CORPORATION.

1. INCORPORATION. There may be incorporated by the Iowa agricultural trading board under chapter 496A a corporation which shall be known as the Iowa agricultural export trading company. If incorporated, this corporation shall be established by the secretary. The initial board of directors shall consist of the following persons:

a. The secretary.

b. The director of the agricultural marketing division.

c. The director of the Iowa department of economic development.

d. Six additional members appointed by the secretary, who shall be knowledgeable in the area of farming, exporting, agricultural product or commodity storage, transportation, marketing, or finance.

2. INITIAL ORGANIZATION AND CAPITALIZATION. Financing of the export trading company shall initially come from its public offering of stock to residents of this state. In preparation for this sale, the secretary in conjunction with the Iowa agricultural trading board shall prepare a detailed marketing study to serve as the basis for the company work plan and the company prospectus.

3. PUBLIC STOCK OFFERING. The public sale of stock in the Iowa agricultural export trading company is exempt from the requirements of chapter 502. After the sale of stock to the public, provision shall be made for the election of a board of directors by the stockholders to replace the initial board of directors.

However, the secretary and the director of the agricultural marketing division shall be ex officio members of the board representing the state of Iowa and the public purposes for which the corporation is created. The secretary shall have the authority to call a meeting of the board of directors at any time provided notice requirements otherwise applicable are followed,

4. ARTICLES OF INCORPORATION. The articles of incorporation, and the prospectus in the event of a public offering, may include such limitations on the ownership and transfer of shares as otherwise permitted by law and as deemed reasonable by the secretary, or subsequently by the board of directors.

5. REVIEW COMMITTEE. A review committee shall be established August 1 during the fourth year after incorporation of the Iowa agricultural export trading company. The committee shall consist of the following members:

- a. Two directors of the Iowa agricultural export trading company to be appointed by the chairperson of the board of directors.
- b. Two persons from the division of agricultural marketing to be appointed by the secretary.
- c. One senator appointed by the senate majority leader.
- d. One senator appointed by the senate minority leader.
- e. One representative appointed by the speaker of the house.
- f. One representative appointed by the house minority leader.
- g. One member appointed by the governor.

Appointments to the review committee shall comply with all applicable requirements of the Code.

The review committee shall file a final report with the secretary and the agricultural committees of the senate and house of representatives no later than December 1, during the fifth year after incorporation of the company. The final report shall contain a summary of the company's marketing activity to date, and a recommendation regarding the state's continued assistance to the Iowa agricultural export trading company, or other legislative action or corporate action deemed appropriate by the review committee to further the purposes of this chapter in light of the success or prospects for success of the company.

6. ANNUAL LEGISLATIVE REPORT. The Iowa agricultural export trading company shall submit an annual report to the agriculture committees of the senate and house of representatives on or before January 31. The report shall contain at least the following information:

- a. A summary of trading activity in the past year.
- b. An evaluation of the performance and achievement of goals in the past year of operations.
- c. A summary of plans and goals for the coming year of operations.
- d. Proposed legislative action to assist the company in the accomplishment of its stated goals.
- e. Any other information requested by one or more of the committees, a committee chair, or a ranking member of an agriculture committee.

7. SECRETARY AS AGENT. The secretary, or the secretary's designee, shall serve as an agent for the company, unless the secretary determines that a corporate act fails to serve the public purposes for which the corporation was formed, in which case the secretary may withhold any or all state assistance to the corporation. The Iowa department of economic development, and other departments and agencies of the state, including the state board of regents and its institutions, shall cooperate with and assist the company upon the secretary's request.

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Sec. 5. NEW SECTION. 159.35 PURPOSES AND POWERS.

1. GENERAL. The purposes of the Iowa agricultural export trading company are to assist producers, shippers, and exporters of Iowa agricultural products and commodities; to further the goals and purposes of the interstate compact on agricultural grain marketing; to expand existing markets; and to develop new markets through, but not limited to, the following:

a. Direct negotiation or contracts with, or acceptance of orders from, foreign governments or their agencies.

b. Specialty-type deliveries which include small deliveries of grains or other agricultural products and commodities to countries with inadequate storage capacities or high quality grain deliveries through reduced blending or under the certified Iowa grain program.

c. Counter trade or barter options.

2. FEDERAL EXPORT TRADING COMPANY ACT. The Iowa agricultural export trading company has the powers necessary to fulfill the purposes of this division and those provided in chapter 496A and the federal Export Trading Company Act of 1982, Pub. L. No. 97-290, which are not further limited by this division

INTERSTATE GRAIN COMPACT. The Iowa agricultural export trading company has the powers and shall be organized to complement and further the goals and purposes of the interstate compact on agricultural grain marketing. However, the company shall not exercise any powers described in chapter 183, unless acting pursuant to an agreement entered into by the company and the agricultural grain marketing commission.

4. SOVEREIGN IMMUNITY. The state of Iowa, and its elected officials, employees, and agents, are not liable for any civil causes of action, including but not limited to actions related to contracts, arising out of the operations of the Iowa agricultural export trading company, including actions in which the state, and its elected officials, employees, and agents, act as an agent of the company or act to assist the

company. The company shall be liable to the same extent as other chapter 496A corporations unless otherwise limited by law or contract.

Sec. 6. NEW SECTION. 159.36 CERTIFIED IOWA COMMODITY PROGRAM -- PENALTIES.

1. PROGRAM. The secretary shall establish a certified Iowa commodity program to facilitate sales of quality Iowa agricultural products and commodities, and delivery of Iowa agricultural products and commodities to the final purchaser with their quality undiminished. The secretary, or the secretary's designee, shall administer this section, and establish policies, guidelines, and rules by which to administer this section. The secretary may investigate the handling, weighing, grading, and transportation of grain, and other agricultural products and commodities, and adopt rules, including administrative penalties, for the following:

a. Standards of kind, class, quality, and condition for corn and soybeans, and other agricultural products and commodities for which, in the secretary's judgment, the prospects for out-of-state sales warrant the adoption of standards. A premium quality grade for grain must at minimum prohibit any intentional blending of lower grades of grain, or addition of foreign matter, moisture, or grain dust. All grades certified to be Iowa quality must be grown, raised, or marketed in this state.

b. Standards or procedures for accurate weighing and weight certification and controls, and other quality and health standards, including safeguards over equipment calibration and maintenance for products and commodities certified as Iowa quality.

c. Administrative procedures to consider requests to adopt, amend, or revoke standards or procedures when the necessities of the export trade require.

2. NOTICE. All policies, guidelines, standards, procedures or other statements of general applicability shall be adopted pursuant to chapter 17A. To the extent

practicable, all rulemaking required by this Act shall provide notice and an opportunity for public participation as set out in section 17A.4.

3. PENALTY. It is an aggravated misdemeanor for a person to sell or export an agricultural product or commodity purported to be certified Iowa quality, if the product or commodity is not certified Iowa quality.

4. WARRANTY. A person who sells or exports an agricultural product or commodity purported to be certified Iowa quality warrants the product or commodity to be accurate in grade and standard. The secretary may adopt rules defining the terms and extent of this warranty, and procedures for enforcing the warranty, in addition to normal contractual remedies;

5. ENFORCEMENT. The secretary may, in addition to the adoption of administrative rules, enter into contracts with elevators, terminals, shippers, and any other persons responsible for handling or transportation of grain or other agricultural products or commodities in the supply chain to the final purchaser, to assure delivery to the final purchaser of certified Iowa quality agricultural products and commodities with quality undiminished. The secretary may condition participation in programs under this division upon entry into a contract with the secretary under this subsection. The contract may include agreements regarding participation in the agricultural data bank.

6. IOWA SEAL. The "Iowa Seal" may be used on qualifying Iowa certified agricultural products and commodities. The secretary shall adopt rules to coordinate the "Iowa Seal" program and the certified Iowa commodity program.

Sec. 7. NEW SECTION. 159.37 BUREAU OF AGRIQUALITY INSPECTION.

1. PROGRAMS. A bureau of agriquality inspection is created within the regulatory division of the department. The bureau is responsible for inspections and enforcement under the following programs:

- a. Certified Iowa commodity program, section 159.36.

- b. Iowa terminal and shippers program, section 159.38.

- c. Sealed carrier receptacle program, chapter 5428.

2. INSPECTORS. The bureau may employ inspectors or contract for inspection services both in and outside of this state. A contract shall include terms to assure submission of the contractor to Iowa jurisdiction and liquidated damages provisions parallel to administrative penalties adopted by rule.

3. PENALTY. A person who conducts an inspection, or who certifies a program participant or shipment in a fraudulent fashion, or who accepts a bribe commits an aggravated misdemeanor.

4. RULES. The department shall adopt rules to implement and administer this section.

Sec. 8. NEW SECTION. 159.38 IOWA TERMINAL AND SHIPPERS PROGRAM.

The secretary shall establish an Iowa terminal and shippers program to facilitate the export of certified Iowa quality agricultural products and commodities. The secretary shall adopt rules which a qualified terminal or shipper must meet to be eligible for participation in the Iowa terminal and shippers program. The rules may provide for different standards for different agricultural products or commodities. Only qualified terminals may sell or export certified Iowa quality agricultural products or commodities, except grain transported under sections 5428.2 through 5428.4. Only qualified shippers may transport certified Iowa quality agricultural products or commodities outside of the state, except grain transported under sections 5428.2 through 5428.4. The secretary shall adopt rules to assure that a qualified terminal or shipper maintains facilities, equipment, and business practices capable of assuring adherence to certified Iowa quality standards for the agricultural product or commodity for which the terminal or shipper is qualified. The secretary may enter into contracts with a qualified terminal or shipper with terms to assure delivery of certified Iowa

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quality agricultural products or commodities of undiminished quality to the next qualified terminal or shipper, or the final purchaser. A contract between the secretary and a qualified terminal or shipper may provide for reasonable liquidated damages for violation of a term or condition of the contract or for violation of a rule adopted by the department. A qualified terminal or shipper may be located outside of this state. A qualified terminal or shipper shall agree to permit regular and surprise inspections by an Iowa agricultural inspector. Refusal to permit an inspection shall result in revocation of qualified status and imposition of either administrative penalties or liquidated damages.

Sec. 9. NEW SECTION. 159.39 AGRIMARKETING DATA BANK.

1. The secretary shall establish an agrimarketing data bank. Participation in the data bank is a condition to certification and participation under the Iowa terminal and shippers program under section 159.38. Participants shall supply pertinent data as required by rule by the secretary. Rules shall provide for data collection of at least the following information:

- a. Commodity availability classified by kind, price, and quality.
- b. Storage availability and price.
- c. Transportation capacity, schedule, and price.

2. Information shall be updated at a minimum on a monthly basis with a goal of providing real time information through the data bank. The secretary shall adopt administrative rules to implement this section.

Sec. 10. NEW SECTION. 5428.1 DEFINITIONS.

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

1. "Carrier" means a vehicle or vessel, including, but not limited to, a wagon, truck, trailer, train, and barge, that is used or usable for transporting agricultural products.
2. "Carrier receptacle" means a protected enclosure used or usable for the storage of agricultural products that is

part of a carrier or connected to a carrier when it is in motion.

3. "Department" means the department of agriculture and land stewardship.

4. "Division" means the division of agricultural inspection of the department of agriculture and land stewardship.

Sec. 11. NEW SECTION. 5428.2 INSPECTION.

Carrier receptacles, to be used to transport from the state grain produced in the state, must be free of contaminants according to standards established by the department and the United States department of agriculture to be sealed pursuant to this chapter. The division may inspect any sealed carrier receptacle and any carrier receptacle requested to be sealed to ensure compliance with this section. The division shall make periodic inspections of sealed receptacles at times and in a manner the department determines, but not less frequently than at ninety-day intervals.

Sec. 12. NEW SECTION. 5428.3 SEAL -- PENALTIES.

Before leaving the state, a carrier receptacle that contains grain produced in the state may be sealed upon request if all standards are met upon inspection in a manner provided by the department to ensure that the quality of the grain is preserved during its transport. The division shall mark each carrier receptacle that has been sealed in a manner that will show if the seal has been broken. The mark shall contain the following language:

"Sealed by authority of the State of Iowa, Department of Agriculture and Land Stewardship.

A person who tampers with this seal or removes any grain in this receptacle before it reaches its destination is guilty of an aggravated misdemeanor and subject to fine and imprisonment as provided by law."

Sec. 13. NEW SECTION. 5428.4 VIOLATIONS -- PENALTIES.

A person who acts, without direction by the department, to break or in any manner interfere or tamper with a seal preserving the contents of a carrier receptacle before it

reaches its destination is guilty of an aggravated misdemeanor.

Sec. 14. The Code editor shall codify new sections 159.31 through 159.39 as a new division of chapter 159.

Sec. 15. Sections 159.32 and 159.33 are repealed effective July 1, 1989.

Sec. 16. This Act, being deemed of immediate importance, takes effect upon enactment.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File **274**, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

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TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319

515 881-5211

June 7, 1987

The honorable Elaine Baxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

Senate File 274, an act relating to the exporting of Iowa agricultural products and commodities, by providing for the establishment of an Iowa agricultural export trading company: establishing a certified Iowa commodity program, a new bureau of agriquality inspection within the department of agriculture and land stewardship; a state terminal and shippers program; an agrimarketing data bank; and a sealed carrier receptacle program; imposing penalties; and providing an effective date, is hereby transmitted to you in accordance with Article 3, Section 16, the Constitution of the State of Iowa.

Senate File 274, establishes a state agricultural trading company, a certified Iowa commodity program, and a new agriquality inspection program within the Department of Agriculture and Land Stewardship. I understand the intent of Senate File 274 is to provide additional opportunities for Iowa farmers to export their products overseas. I respect and share that intent. However, Senate File 274 is an unwarranted state intrusion into the private sector, is an unnecessary duplication of existing services, and could actually be counterproductive to Iowa's export marketing efforts. For those reasons, I must veto Senate File 274.

Rather than working to expand exports through the private sector, this legislation attempts to establish a state export company. Leaders of Iowa's commodity groups have expressed serious reservations about this entity and commodity experts do not believe that a state grain export company would be viable. I can understand the emotional appeal of a state grain company, but it is not responsible to mislead farmers into believing that a state export trading company would be effective.

The Honorable Elaine Baxter
June 7, 1987
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In October of last year, I announced the Iowa Certified Quality Grain program, directed by former congressman Cooper Evans. This program is designed to provide state assurance of quality grain to our foreign customers. Indeed, Iowa farmers are justifiably concerned about the reduction in the quality of their product which occurs between the grain bin on the farm and delivery overseas. This lack of quality of U.S. grain **has**, in part, been responsible for the decline in U.S. grain exports in the **1980's**.

However, last year the federal government took appropriate action to tighten up the federal government's inspection and quality control of U.S. marketed grain. In addition, a reduction in the value of the dollar and the federal farm program have spurred U.S. grain exports in recent months. The Iowa Certified Quality Grain program can work in tandem with those factors to improve Iowa's competitive share of the world grain market.

Indeed, former Congressman Evans already has offers on the table with a number of countries around the world who are interested in purchasing Iowa Certified Quality Grain. And, a trademark is being established for Iowa products. This program is being funded through the assistance of the Department of Economic Development, the Iowa Corn Growers Association, and the Iowa Soybean Association. Thus, a true public/private partnership has already been developed to promote the export of Iowa products.

Given the substantial progress which has already been made by the Iowa Certified Quality Grain program, I seriously question the need for Senate File 274.

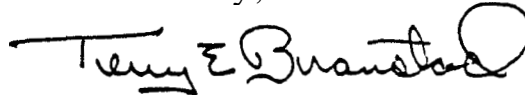
Moreover, this act could, in fact, confuse potential buyers of Iowa products by setting up a duplicate marketing structure. With the export market now beginning to show some strength, we cannot afford to take the risk of reducing Iowa's chances to export additional commodities.

The honorable Elaine Baxter
June 7, 1987
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In short, Senate File 274, duplicates the existing Iowa Certified Quality Grain program by setting **up** a state export trading company which inappropriately injects the state into the private marketplace. This bill misleads farmers about the viability of **a** state grain company which could, in fact, be counter-productive to our efforts to increase the exports of Iowa grain.

For the above reasons, I must veto Senate File 274.

Sincerely,

A handwritten signature in black ink, reading "Terry E. Branstad". The signature is written in a cursive style with a large, prominent "B" at the end.

Terry E. Branstad
Governor

TEB:cc

AN ACT

ADJUSTING THE ALLOWABLE GROWTH UNDER THE SCHOOL FOUNDATION FORMULA.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 442.7, subsection 1, paragraph a, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The difference in the receipts of state general fund revenues, adjusted for changes in rates or basis, computed or estimated as follows:

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 481, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

SF 481

The authority shall establish by rule further definitions applicable to this chapter, and clarification of the definitions in this section, as necessary to assure eligibility **for** funds available under federal housing laws, or to assure compliance with federal tax laws relating to the issuance of tax exempt mortgage subsidy bonds pursuant to I.R.C. § 103A, ~~or~~ relating to the issuance of tax exempt residential rental property bonds for qualified residential housing under I.R.C. § 103, ~~or~~ relating to the allowance of low-income credits under I.R.C. § 42.

SENATE FILE 499

AN ACT
RELATING TO THE FEDERAL LOW-INCOME HOUSING CREDIT ALLOWANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 220.1, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 36. "State housing credit ceiling" means the state housing credit ceiling as defined in I.R.C. § 42(h)(3)(C).

NEW SUBSECTION. 37. "Low-income housing credit" means the low-income housing credit as defined in I.R.C. § 42(a).

Sec. 2. Section 220.1, unnumbered paragraph 2, Code 1987, is amended by striking the paragraph and inserting in lieu thereof the following:

Sec. 3. NEW SECTION. 220.52 STATE HOUSING CREDIT CEILING ALLOCATION.

1. The authority is designated the housing credit agency **for** the allowance of low-income housing credit under the state housing credit ceiling.

2. The authority shall adopt rules and allocation **procedures** which will ensure the maximum use of available tax credits in order to encourage development of low-income housing in the state. The authority shall consider the following factors in the adoption and application of the allocation rules:

- a. Timeliness of the application.
- b. Location of the proposed housing project.
- c. Relative need in the proposed area for low-income housing.
- d. Availability of low-income housing in the proposed area.
- e. Economic feasibility of the proposed project.
- f. Ability of the applicant to proceed to completion of the project in the calendar year for which the credit is sought.

The authority shall adopt rules specifying the application procedure and the allowance of low-income housing credits under the state housing credit ceiling.

SF 499

3. The authority shall not allow more than ninety percent of the low-income housing credits under the state housing credit ceiling to projects other than qualified low-income housing projects **as** defined in I.R.C. § 42(h)(5)(B).

JO ANN ZIMMERMAN

President of the Senate

DONALD D. AVENSON

Speaker of the House

I hereby certify that this bill originated in the Senate and is known **as** Senate File **499**, Seventy-second General Assembly.

JOHN F. DWYER

Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD

Governor

SENATE FILE 504

AN ACT

RELATING TO THE COMPENSATION AND BENEFITS FOR PUBLIC OFFICIALS AND EMPLOYEES BY SPECIFYING SALARY RATES AND RANGES, BY PROVIDING ADJUSTMENTS FOR SALARIES, BY PROVIDING COVERAGE AND ADJUSTMENTS FOR HEALTH, LIFE, DISABILITY AND DENTAL INSURANCE, BY CHANGING RETIREMENT BENEFITS RECEIVED BY CERTAIN MEMBERS OF THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, BY CREATING A COUNTY COMPENSATION BOARD AND SPECIFYING ITS DUTIES, BY MAKING COORDINATING AMENDMENTS TO THE CODE, AND BY PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1.

1. The salary rates specified in this section are effective for the fiscal year beginning July 1, 1987, and the salary rates for the fiscal year beginning July 1, 1987, are effective for subsequent fiscal years until otherwise provided by the general assembly. The salaries provided for in this section shall be paid from funds appropriated to the department or agency specified in this section pursuant to any Act of the general assembly or if the appropriation is not sufficient, from the salary adjustment fund.

I. The following annual salary rates shall be paid to the person holding the position indicated:

	1987-1988
	<u>Fiscal Year</u>
a. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP Salary for the secretary of agriculture	\$ 50,000
b. DEPARTMENT OF JUSTICE Salary for the attorney gen-	

eral	\$ 62,500
c. OFFICE OF THE AUDITOR OF STATE Salary for the auditor of state	\$ 50,000
d. OFFICE OF THE GOVERNOR Salary for the governor	\$ 70,000
e. OFFICE OF THE SECRETARY OF STATE Salary for the secretary of state	\$ 50,000
f. OFFICE OF THE TREASURER OF STATE Salary for the treasurer of state	\$ 50,000

Sec. 2.

1. The salary rates specified in this section are effective for the fiscal year beginning July 1, 1987, and are effective for subsequent fiscal years until otherwise provided by the general assembly. The salaries provided for in this section shall be paid from funds appropriated to the department which the person represents.

2. The following annual salary rates shall be paid to the persons holding the positions indicated:

	1987-1988
	<u>Fiscal Year</u>
a. Chief justice of the supreme court	\$ 70,900
b. Each justice of the supreme court	\$ 65,200
c. Chief judge of the court of appeals	\$ 63,300
d. Each associate judge of the court of appeals	\$ 61,900
e. Each chief judge of a judicial district	\$ 60,500

- f. Each district court judge except the chief judge of a judicial district\$ 57,800
- g. Each district associate judge \$ 48,000
- h. Each part-time judicial magistrate \$ 13,400

Sec. 3.

1. The salary rates specified in this section are effective for the fiscal year beginning July 1, 1987, and for subsequent fiscal years until otherwise provided by the general assembly. The salaries provided for in this section shall be paid from funds appropriated to the department or agency specified in this section.

2; The following annual salary rates shall be paid to the persons holding the positions indicated:

	1987-1988
	<u>Fiscal Year</u>
a. Chairperson of the public employment relations board	\$ 43,900
b. Two members of the public employment relations board	\$ 40,700

Sec. 4. Persons receiving the salary rates established under section 1, 2, or 3 of this Act shall not receive any additional salary adjustments provided by this Act.

Sec. 5. The governor shall establish a salary for appointed nonelected persons in the executive branch of state government holding a position enumerated in section 6 of this Act within the range provided by considering, among other items, the experience of the individual in the position, changes in the duties of the position, the incumbent's performance of assigned duties, and subordinate's salaries.

The governor, in establishing salaries as provided in section 6 of this Act, shall take into consideration other employee benefits which may be provided for an individual including, but not limited to, housing.

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A person whose salary is established by section 6 of this Act and who is a full-time permanent employee of the state shall not receive any other remuneration from the state or from any other source for the performance of that person's duties unless the additional remuneration is first approved by the governor or authorized by law; however, this provision does not exclude necessary travel and expenses incurred in the performance of duties or fringe benefits normally provided to employees of the state.

Sec. 6. The following annual salary ranges are effective for the positions in this section and for the fiscal year indicated. The ranges for the fiscal year beginning July 1, 1987, are effective for subsequent years until otherwise provided by the general assembly. The governor shall determine the salary to be paid to the person indicated at a rate within the salary ranges indicated from funds appropriated by the general assembly for that purpose.

1. The following salary ranges are effective for the fiscal year beginning July 1, 1987, and as otherwise provided in this section:

	<u>Minimum</u>	<u>Maximum</u>
a. Range 1	\$ 6,200	\$18,800
b. Range 2	\$22,600	\$37,600
c. Range 3	\$31,000	\$43,800
d. Range 4	\$37,600	\$50,300
e. Range 5	543,800	\$56,500

2. The following are range 1 positions: part-time members of the parole board.

3. The following are range 2 positions: appellate defender, administrator of the arts division of the department of cultural affairs, administrators of the division of persons with disabilities, the division on the status of women, the division for deaf persons, the division for Spanish-speaking peoples, and the division of children, youth and families of the department of human rights, administrator of the division of professional licensure of the department of commerce, and

administrators of the division of disaster services and the division of veterans affairs of the department of public defense.

4. The following are range 3 positions: superintendent of the division of savings and loan associations of the department of commerce, administrator of the library division of the department of cultural affairs, administrator of the division of community action agencies of the department of human rights, chairperson and members of the employment appeals board of the department of inspections and appeals, administrator of the division for the blind of the department of human rights, and secretary of the state fair board.

5. The following are range 4 positions: superintendent of banking, superintendent of the credit union division of the department of commerce, administrator of the alcoholic beverages division of the department of commerce, and full-time members of the parole board.

6. The following are range 5 positions: chairperson and members of the utilities board, consumer advocate, lottery commissioner, job services commissioner, labor commissioner, industrial commissioner, insurance commissioner, administrators of the historical division and the public broadcasting division of the department of cultural affairs, and administrator of the gaming division of the department of commerce.

7. The following salary ranges are effective for the fiscal year beginning July 1, 1987, and as otherwise provided in this section:

	<u>Minimum</u>	<u>Maximum</u>
DEPARTMENT DIRECTOR'S SALARIES		
a. Range 6	\$34,000	\$45,500
b. Range 7	\$43,500	\$57,000
c. Range 8	\$49,700	\$66,200

8. The following are department director's salary range 6 positions: department coordinator of the department of human rights, director of the civil rights commission, executive di-

rector of the college aid commission, director of the law enforcement academy, and executive director of the campaign finance disclosure commission.

9. The following are department director's range 7 positions: director of the department of cultural affairs, director of the department of personnel, director of the department of public health, director of the department of employment services, executive director of the department of elder affairs, commissioner of the department of public safety, director of the department of general services, director of the department of commerce, and director of the department of inspections and appeals.

10. The following are department director's range 8 positions: director of the department of management, commissioner of the department of education, director of the department of revenue and finance, director of the department of economic development, director of the department of human services, director of the department of transportation, executive secretary of the state board of regents, director of the department of natural resources, and director of the department of corrections.

Sec. 7. Funds appropriated to the salary adjustment fund may be expended to fund salaries established pursuant to sections 5 and 6 of this Act if funds appropriated to the agencies represented by or employing the persons holding the positions specified in section 6 of this Act are insufficient to pay salaries provided in section 6 of this Act. The governor shall report to the legislative fiscal committee the salary rates established pursuant to section 6 of this Act by September 1, 1987.

Sec. 8. The following annual salary range is effective for the position specified in this section and for the fiscal year indicated. The range for the fiscal year beginning July 1, 1987, is effective for subsequent fiscal years until otherwise provided by the general assembly. The salary shall be paid to the person indicated at a rate determined as otherwise

provided by law within the salary range from funds provided for that purpose:

Minimum Maximum

For the court administrator \$49,700 \$66,200

Sec. 9. The annual salary rates or ranges provided in sections 1, 2, 3, 6, and 8 of this Act become effective for the fiscal year beginning July 1, 1987, with the pay period beginning June 26, 1987.

Sec. 10. Funds appropriated to the salary adjustment fund and other funds appropriated to the various state departments and agencies shall be used to fund the following annual pay adjustments, expense reimbursements, and related benefits not in conflict with the Code.

1. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the blue collar bargaining unit,,

2. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the public safety bargaining unit,

3. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the security bargaining unit.

4. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the technical bargaining unit.

5. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the professional fiscal and staff bargaining unit.

6. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the University of Northern Iowa faculty bargaining unit.

7. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the clerical bargaining unit.

8. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the social services bargaining unit..

9. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the community-based corrections bargaining unit.

10. The collective bargaining agreement negotiated pursuant to chapter 20 for employees in the judicial branch of government bargaining unit.

11. The annual pay adjustments, related benefits, and expense reimbursements referred to in sections 11 and 12 of this Act for employees not covered by a collective bargaining agreement.

Sec. 11.

1. All pay plans provided for in section 19A.9, subsection 2, and section 602.1204 as they exist for the fiscal year ending June 30, 1987, shall be increased for employees who are not included in a collective bargaining agreement made final under chapter 20 by two percent for the fiscal year beginning July 1, 1987, effective with the pay period beginning June 26, 1987. The personnel department shall revise the pay plans as provided under section 19A.9, subsection 2, by increasing the salary levels for the various grades and steps within the respective plans. In addition to the increases specified above, employees may receive merit increases or the equivalent of a merit increase.

2. The pay plans for state employees who are exempt from chapter 19A and who are included in the department of revenue and finance's centralized payroll system, and the board office employees of the state board of regents shall be increased by the same percent and in the same manner included in subsection 1 of this section.

3. This section does not apply to members of the general assembly, board members, commission members, salaries of persons set by the general assembly pursuant to this Act, or set by the governor. employees designated under section 19A.3, subsection 5, and employees under the state board of regents, but subsection 2 of this section does apply to office employees of the state board of regents.

4. Each appointing authority shall determine the percentage increase for each bargaining exempt employee's salary provided for under this section and may increase the base

salaries of the bargaining exempt employees by different percentages in accordance with rules of the personnel department, but the average percentage increase for bargaining exempt employees under each appointing authority's jurisdiction made using the appropriations authorized by this section shall not exceed the average increase provided for in subsection 1 of this section. As used in this section, "bargaining exempt employee" means employees who are excluded from the collective bargaining process as defined in section 20.4, subsections 2 through 5, and 7 through 12.

5. The pay plans for the bargaining eligible employees of the state shall be increased by the same percent and in the same manner included in subsection 1 of this section. As used in this section, "bargaining eligible employee" means an employee who is eligible to organize under section 20, but has not done so.

6. The pay of employees in classes not included in a collective bargaining agreement under chapter 20 and who received a step or equivalent pay reduction following comparable worth increases implemented on March 8, 1985, shall have the step or equivalent pay reduction restored effective the pay period beginning June 26, 1987, if the employee is still employed in the same class and was not adjusted to the minimum salary provided for the class on March 8, 1985, and is not at the top of the salary range provided for the class on or before June 15, 1987.

7. The pay of employees in classes not included in a collective bargaining agreement under chapter 20, and whose class was recommended to be increased by either the comparable worth study established in 1984 Iowa Acts, chapter 1314, or the resulting appeal process provided for in 1985 Iowa Acts, chapter 152, section 3, shall receive the increase recommended in the study or by the comparable worth appeals committee. If the recommendation of the study differs from the recommendation of the appeal committee, the decision of the appeal committee shall be controlling.

8. The policies for implementation of this section shall be approved by the governor except for those policies governing the board employees of the state board of regents, employees of the legislative department, or employees of the judicial department.

Sec. 12. The funds allocated to the state board of regents for the purpose of providing increases for employees not covered by a collective bargaining agreement shall be used as follows:

1. The amount necessary to fund the fiscal year beginning July 1, 1987, an average base salary increase of two percent of the base salaries of professional and scientific staff members, except board office employees as provided for in section 10, paid during the preceding fiscal year, to be allocated to professional and scientific staff members at the discretion of the state board of regents. In addition to the increases specified above, employees may receive merit increases at the discretion of the state board of regents.

2. For employees under the state board of regents' merit system who are not included in the collective bargaining agreement made final under chapter 20, except board office employees, the amount necessary to increase the state board of regents' merit system pay plans as they exist for the fiscal year beginning July 1, 1987, by increasing the salary levels for each grade and step within the plans by two percent for the fiscal year beginning July 1, 1987. In addition to the increases specified above, employees may receive merit increases or the equivalent thereof.

3. For faculty members who are not included in the collective bargaining agreement made final under chapter 20, for the fiscal year beginning July 1, 1987, an average base salary increase to be allocated at the discretion of the state board of regents.

4. The funds allocated to the state board of regents for faculty salary adjustments at the three state universities shall be distributed based on an amount necessary to fund an

eleven percent increase in the faculty salaries after funds receive? from increased tuition, less the amount committed to student aid, have been allocated for that purpose.

5. The collective bargaining representatives for the faculty at the University of Northern Iowa and for the University of Northern Iowa, shall determine the distribution of the University of Northern Iowa faculty's allocation of salary adjustment funds which are provided in excess of the amount necessary to fund the collective bargaining agreement negotiated pursuant to chapter 20 for employees in the University of Northern Iowa faculty bargaining unit. The distribution shall be either according to the contract in effect for the fiscal year beginning July 1, 1987, for the fiscal year beginning July 1, 1987, or according to a different procedure that is agreeable to both parties.

6. The pay of employees in classes not included in a collective bargaining agreement under chapter 20 and who received a step or equivalent pay reduction following comparable worth increases implemented on March 8, 1985, shall have the step or equivalent pay reduction restored effective the pay period beginning June 26, 1987, if the employee is still employed in the same class and was not adjusted to the minimum salary for the class on March 8, 1985, and is not at the top of the salary range provided for the class on or before June 25, 1987.

7. The pay of employees in classes not included in a collective bargaining agreement under chapter 20 and whose class was recommended to be increased by either the comparable worth study established in 1984 Iowa Acts, chapter 1314 and the resulting appeals process provided for in 1985 Iowa Acts, chapter 152, section 3, shall receive the increase recommended in the study or by the comparable worth appeal committee. If the recommendation of the study differs from the recommendation of the appeal committee, the decision of the appeal committee shall be controlling.

Sec. 13. All funds appropriated to the salary adjustment fund for the department of transportation and for state agencies paid through the department of revenue and finance's centralized payroll system shall be used to fund salary and fringe benefit expenditures for the fiscal year beginning July 1, 1987, beginning with the biweekly pay date of July 17, 1987, and ending with the biweekly pay date of July 1, 1988. However, if an earlier effective date is provided in a collective bargaining agreement negotiated under chapter 20, the earlier effective date shall prevail for employees subject to that collective bargaining agreement.

Sec. 14. Section 2.10, subsections 1 through 3, 6, and 7, Code 1987, are amended to read as follows:

1. Every member of the general assembly except the speaker of the house and majority and minority floor leaders of the senate and house shall receive an annual salary of fourteen sixteen thousand six hundred dollars for the year 1985 1989 and subsequent years while serving as a member of the general assembly. The majority and minority floor leaders of the senate and house, except the senate majority leader, shall receive an annual salary of seventeen twenty-two thousand one nine hundred dollars for the year 1985 1989 and subsequent years while serving in such capacity. In addition, each such member shall receive the sum of forty seventy-three dollars per day for expenses of office, except travel, for each day the general assembly is in session commencing with the first day of a legislative session and ending with the day of final adjournment of each legislative session as indicated by the journals of the house and senate, except that in the event the length of the first Regular session of the general assembly exceeds one hundred ten calendar days and the second regular session exceeds one hundred calendar days, such payments shall be made only for one hundred ten calendar days for the first session and one hundred calendar days for the second session. However, members from Polk county shall receive twenty-five fifty dollars per day. Travel expenses shall be paid at the

rate established by section 18.117 for actual travel in going to and returning from the seat of government by the nearest traveled route for not more than one time per week during a legislative session. However, any increase from time to time in the mileage rate established by section 18.117 shall not become effective for members of the general assembly until the convening of the next general assembly following the session in which the increase is adopted; and this provision shall prevail over any inconsistent provision of any present or future statute.

2. The lieutenant governor shall receive an annual salary of twenty-one twenty-three thousand nine hundred dollars for ~~the year 1985 and subsequent years~~. Personal expense and travel allowances shall be the same for the lieutenant governor as for a senator. The lieutenant governor while performing administrative duties of the office of lieutenant governor when the general assembly is not in session or serving as the president of the senate during special sessions of the general assembly shall receive sixty seventy-three dollars per diem and reimbursement for expenses incurred in performing such duties. The lieutenant governor may elect to become a member of any state group insurance plan for employees of the state established under chapter 509A and the disability insurance program established under section 79.20 on the same basis as a full-time state employee. The lieutenant governor shall authorize a payroll deduction of any premium due. The salary, per diem, and expenses of the lieutenant governor provided for under this subsection, including office and staff expenses, shall be paid from funds appropriated to the office of the lieutenant governor by the general assembly.

3. The speaker of the house and the senate majority leader shall receive an annual salary of twenty-one twenty-three thousand nine hundred dollars for the year 1985 1989 and subsequent years while serving as the speaker of the house or as the senate majority leader. Expense and travel allowances

shall be the same for the speaker of the house and the senate majority leader as provided for other members of the general assembly.

6. In addition to the salaries and expenses authorized by this section, members of the general assembly shall be paid ~~fifty~~ seventy-three dollars per days-except-the-speaker-of-the-house-who-shall-be-paid-sixty-dollars-per-day, and necessary travel and actual expenses incurred in attending meetings for which per diem or expenses are authorized by law for members of the general assembly who serve on statutory boards, commissions, or councils, and for standing or interim committee or subcommittee meetings subject to the provisions of section 2.14, or when on authorized legislative business when the general assembly is not in session. However, if a member of the general assembly or the lieutenant governor is engaged in authorized legislative business at a location other than at the seat of government during the time the general assembly is in session, payment may be made for the actual transportation and lodging costs incurred because of the business. Such The per diem or expenses shall be paid promptly from funds appropriated pursuant to section 2.12.

7. If a special session of the general assembly is convened, members of the general assembly shall receive, in addition to their annual salaries, the sum of ~~forty~~ seventy-three dollars per day for each day the general assembly is actually in special session, and the same travel allowances and expenses as authorized by this section.

Sec. 15. Section 2.40, Code 1987, is amended to read as follows:

2.40 MEMBERSHIP IN STATE INSURANCE PLANS.

A member of the general assembly may elect to become a member of a any state health-or-medical-service group insurance plan for employees of the state established under chapter 509A subject to the following conditions:

1. The member shall pay the tataf premium for the plan selected on the same basis as a full-time state employee.

2. The member shall authorize a payroll deduction of the total premium during the member's pay plan selected pursuant to subsection 5 of section 2.10.

3. The premium rate will be the same as the premium rate paid by a state employee for the plan selected ~~except the state will provide no matching funds.~~

In order to implement this section a member of the general assembly may elect to become a member of a state health or medical service group insurance plan effective ~~July 1, 1983 or as authorized in the contract of the state~~ January 1, 1989, unless a member of the general assembly is a member of a state group insurance plan on December 31, 1988. A member of the general assembly may continue membership in a state group insurance plan without reapplication during the member's tenure as a member of consecutive general assemblies. For the purpose of electing to become a member of the state health or medical service group insurance plan for the first time, a member of the general assembly has the status of a "new hire", full-time state employee. A member of the general assembly may change programs or coverage under the state health or medical service group insurance plan during the month of January following reelection without a statement of health, a physical examination, or a condition rider. ~~ff-a-member-a member of the general assembly elected to be paid the member's total salary during each pay period during the first six months of 1983, that member may become a member of the state health or medical service group insurance plan by paying the premium due until that member's salary and payroll deductions commence.~~

Sec. 16. Section 79.1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Salaries specifically provided for in an appropriation Act of the general assembly shall be in lieu of existing statutory salaries, for the positions provided for in the Act, and all salaries, including longevity where applicable by express provision in the Code, shall be paid according to the provisions of chapter 91A and shall be in full compensation of

all services, including any service on committees, boards, commissions or similar duty for Iowa government, except for members of the general assembly. A state employee on an annual salary shall not be paid for a pay period an amount which exceeds the employee's annual salary transposed into a rate applicable to the pay period by dividing the annual salary by the number of calendar days pay periods in the ~~fiscal year, and multiplying the result by the number of calendar days in the pay period.~~ Salaries for state employees other than annual salaries shall be established on an hourly basis.

Sec. 17. Section 79.20, subsection 4, Code 1987, is amended to read as follows:

4. All permanent full-time state employees shall be covered under the employees disability insurance program, ~~except the members of the general assembly,~~ board members and members of commissions who are not full-time state employees, and state employees who on July 1, 1974, are under another disability program financed in whole or in part by the state. For purposes of this section, members of the general assembly shall be considered full-time employees of the state during their tenure in office. Members of the general assembly serving on or after January 9, 1989, shall receive credit for the time they continuously served as members of the general assembly before January 9, 1989.

Sec. 18. Section 978.41, subsection 3, paragraph b, subparagraph (1), Code 1987, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis. elective officials of school districts. elective officials of townships, and elective officials of other political subdivisions who are in part-time positions, graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 7. However, a county attorney is an employee for purposes of this chapter whether that

county attorney is employed on a full-time or a part-time basis.

Sec. 19. Section 978.50, subsection 2, Code 1987, is amended to read as follows:

2. A member ~~who has completed thirty or more years of service~~ who retires from the system due to disability and commences receiving disability benefits pursuant to the United States Social Security Act (42 U.S.C.), as amended to July 1, 1978, who is eligible for early retirement, but has not reached the normal retirement date, shall receive full benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 of ~~this section, regardless of whether the member has completed thirty or more years of membership service.~~ This section takes effect July 1, 1986 ~~1987~~ for a member meeting the requirements of this subsection who retired from the system at any time between July 4, 1953 and June 30, ~~1978~~ 1987.

Sec. 20. Section 978.50, subsection 3, Code 1987, is amended by striking the subsection.

Sec. 21. NEW SECTION. 97B.73A PART-TIME COUNTY ATTORNEYS

A part-time county attorney may elect in writing to the department to make employee contributions to the system for the county attorney's previous service as a county attorney and receive credit for membership service in the system for the period of service as a part-time county attorney for which employee contributions are made. The contributions paid by the member shall be equal to the accumulated contributions, as defined in section 978.41, subsection 12, for that period of membership service. A member who elects to make contributions under this section shall notify the county board of supervisors of the member's election, and the county board of supervisors shall pay to the department the employer contributions that would have been contributed by the employer under section 97B.11 plus interest on the contributions that would have accrued if the county attorney had been a member of the system for that period of service.

Sec. 22. Section 97C.2, subsection 3, Code 1987, is amended to read as follows:

3. The term "employee" includes elective and appointive officials of the state or any political subdivision thereof, except elective officials in positions, the compensation for which is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions; ~~provided that no.~~ However, a member of a county board of supervisors or a county attorney shall not be deemed to be an elective official in a part-time position, but every member of a county board of supervisors and every county attorney shall be deemed to be an employee ~~within the purview of under~~ this chapter and ~~shall be is~~ eligible to receive all of the benefits provided by this chapter to which the member may be entitled as an employee.

Sec. 23. Notwithstanding section 97B.41, subsection 3, if a county as an employer under chapter 978 and a part-time county attorney have made contributions under section 978.11 prior to July 1, 1987, the part-time county attorney shall receive credit for membership service under the system for the period for which the contributions were made.

Sec. 24. Section 331.321, subsection 1, paragraph n, Code 1987, is amended to read as follows:

n. ~~One member~~ Two members of the county compensation board in accordance with section 331.905.

Sec. 25. Section 331.322, subsection 7, Code 1987, is amended to read as follows:

7. Provide necessary office facilities and the technical and clerical assistance requested by the county compensation board to accomplish the purposes of sections 331.905 to and 331.907.

Sec. 26. Section 331.323, subsection 1, unnumbered paragraph 5, Code 1987, is amended to read as follows:

When the duties of an officer or employee are assigned to one or more elected officers, the board shall set the initial

salary for each elected officer which shall not exceed the recommendation of the county compensation board. The county auditor shall call a special meeting of the county compensation board for this purpose and the county compensation board shall make a recommendation within thirty days of the call. The board may reduce the salary recommendation but not below the existing salary of the affected elective officer. Thereafter, the salary shall be determined as provided in section 331.907.

Sec. 27. Section 331.502, subsection 32, Code 1987, is amended by striking the subsection.

Sec. 28. Section 331.905, subsections 1, 2, and 3, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

1. There is created in each county a county compensation board which shall be composed of seven members who are residents of the county. The members of the county compensation board shall be selected as follows:

a. Two members shall be appointed by the board of supervisors.

b. One member shall be appointed by each of the following county officers: the county auditor, county attorney, county recorder, county treasurer, and county sheriff.

2. The members of the county compensation board shall be appointed to four-year, staggered terms of office. The members of the county compensation board shall not be officers or employees of the state or a political subdivision of the state.

3. A term shall be effective on the first of July of the year of appointment and a vacancy shall be filled for the unexpired term in the same manner as the original appointment.

Sec. 29. Section 331.907, subsections 1 and 2, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

1. The annual compensation of the auditor, treasurer, recorder, sheriff, county attorney, and supervisors shall be determined as provided in this section. The county compen-

sation board annually shall review the compensation paid to comparable officers in other counties of this state, other states, private enterprise, and the federal government. In setting the salary of the county sheriff, the county compensation board shall consider setting the sheriff's salary so that it is comparable to salaries paid to professional law enforcement administrators and command officers of the Iowa highway safety patrol, the division of criminal investigation of the department of public safety, and city police agencies in this state. The county compensation board shall prepare a compensation schedule for the elective county officers for the succeeding fiscal year. A recommended compensation schedule requires a majority vote of the membership of the county compensation board.

2. At the public hearing held on the county budget as provided in section 331.434, the county compensation board shall submit its recommended compensation schedule for the next fiscal year to the board of supervisors for inclusion in the county budget. The board of supervisors shall review the recommended compensation schedule for the elected county officers and determine the final compensation schedule which shall not exceed the compensation schedule recommended by the county compensation board. In determining the final compensation schedule if the board of supervisors wishes to reduce the amount of the recommended compensation schedule, the amount of salary increase proposed for each elected county officer shall be reduced an equal percentage. A copy of the final compensation schedule shall be filed with the county budget at the office of the director of the department of management. The final compensation schedule takes effect on July 1 following its adoption by the board of supervisors.

Sec. 30. ORIGINAL APPOINTMENTS -- TRANSITION:

1. Notwithstanding section 331.905, subsection 2, which provides for four-year terms of office, the members of the county compensation board appointed under section 331.905, subsection 1, paragraph "a" and two members of the county

compensation board appointed under section 331.905, subsection 1, paragraph "b", shall be appointed to a two-year term which begins on July 1, 1987 and ends on June 30, 1989. The two members shall be selected by lot. Thereafter, the members appointed initially to a two-year term shall be appointed to four-year terms of office. All other members of the county compensation board shall be appointed to four-year terms of office commencing July 1, 1987.

2. The terms of office of members of county Compensation boards serving unexpired terms immediately before the effective date of this Act shall expire on June 30, 1987, and their offices are abolished on that date. Appointments made to the county compensation boards to be effective on or after July 1, 1987, except those made as provided in section 33 of this Act, are void.

Sec. 31. NEW SECTION. 602.1514 JUDICIAL COMPENSATION COMMISSION.

1. A judicial compensation commission is established. The commission is composed of eight members, four of whom shall be appointed by the governor and four of whom shall be appointed by the legislative council. Members of the commission shall be appointed without regard to political affiliation and shall not be state officials or employees, employees of any state department, board, commission, or agency or of any political subdivision of the state.

2. Members of the commission shall serve for a term of office of four years, and for the initial commission, two members determined by lot shall be appointed by each appointing authority to a term of two years. Thereafter, all members shall be appointed to four-year terms. Vacancies on the commission shall be filled for the unexpired term in the same manner as the original appointment.

3. Members of the commission shall serve without compensation, but shall receive actual and necessary expenses, including travel at the state rate. Payment shall be made from funds available pursuant to Section 2.12; however,

members appointed by the governor shall be paid from funds appropriated to the office of the governor.

4. The commission shall elect its own chairperson from among its membership and shall meet on the call of the chairperson to review judicial salaries and related benefits. The commission shall review the compensation and related benefits paid to statutory judicial officers, and shall review the compensation and related benefits paid for comparable positions in other states, the federal government, and private enterprise. Based on the review and other factors deemed relevant, the commission shall make its recommendation as to judicial salaries and related benefits to the governor and the members of the general assembly. No later than February 1 of each odd-numbered year the commission shall report to the governor and to the general assembly its recommendations.

5. The governor and the general assembly shall consider the recommendations of the commission in determining judicial salaries and related benefits.

Sec. 32. Section 2A.4, Code 1987, is amended to read as follows:

2A.4 MEETINGS -- DUTIES.

The commission shall elect its own chairperson from among its membership and shall meet on the call of the chairperson to review compensation and expenses received by members of the general assembly and salaries of the other elective state officials. The commission shall review compensation and expenses paid to members of the general assembly and salaries paid to other elective state officials, and statutory judicial officers, and shall review compensation, expenses, and salaries paid for comparable positions in other states, the federal government, and private enterprise. Based on such review and other factors deemed relevant, the commission shall make its determination as to compensation and expense levels for members of the general assembly and as to salary levels for other elective state officials to be recommended to the governor and the members of the general assembly. No later

than February 1, 1973, and each two years thereafter, the commission shall report to the governor and to the general assembly its recommendations for compensation and expenses for members of the general assembly and for salaries for other elective state officials.

Sec. 33. Sections 15 and 17 of this Act take effect January 1, 1989.

Sec. 34. Section 331.906, Code 1987, is repealed.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 504, Seventy-second General Assembly.

JOHN F. DWYER ,
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319

515 281-5211

June 8, 1987

The honorable Elaine Baxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit Senate File 504, an act relating to the compensation and benefits for public officials and employees by specifying salary rates and ranges, by providing adjustments for salaries, by providing coverage and adjustments for health, life, disability and dental insurance, by changing retirement benefits received by certain members of the Iowa Public Employees' Retirement System, by creating a county compensation board and specifying its duties, by making coordinating amendments to the Code, and by providing effective dates.

Senate File 504 provides for salary and benefit increases for public officials and state employees. It ratifies the recent collective bargaining agreement and provides for a two percent scheduled increase for all state employees on July 1 of this year plus appropriate merit increases. In addition, substantial changes are made to the salaries provided for statewide elected officials, the judiciary, and members of the General Assembly.

I had recommended a 3.5 percent salary increase for elected officials and members of the General Assembly. That level of increase is consistent with the average cost of increases provided for other state employees. I am concerned that the increases provided for in Senate File 504, in some cases, greatly exceed my recommendations. Several items in Senate File 504 provide for large compensation increases for members of the General Assembly which are not reflected in their actual salaries. As a result, the average member of the

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General Assembly would receive a total compensation increase of approximately 30 percent if Senate File 504 were signed into law as enacted.

My recommendations reflected the fact that some salary adjustments are in order for elected officials, particularly since those salaries have been frozen for the past three years. However, I cannot accept the excessive level of compensation increases provided for members of the General Assembly in Senate File 504.

I am unable to approve that portion of Section 14, Subsection 1, which reads as follows:

In addition, each such member shall receive the sum of ~~forty~~ seventy-three dollars per day for expenses of office, except travel, for each day the general assembly is in session commencing with the first day of a legislative session and ending with the day of final adjournment of each legislative session as indicated by the journals of the house and senate, except that in the event the length of the first regular session of the general assembly exceeds one hundred ten calendar days and the second regular session exceeds one hundred calendar days, such payments shall be made only for one hundred ten calendar days for the first session and one hundred calendar days for the second session. However, members from Polk county shall receive ~~twenty-five~~ fifty dollars per day. Travel expenses shall be paid at the rate established by section 18.117 for actual travel in going to and returning from the seat of government by the nearest traveled route for not more than one time per week during a legislative session. However, any increase from time to time in the mileage rate established by section 18.117 shall not become effective for members of the general assembly until the convening of the next general assembly following the session in which the increase is adopted; and this provision shall prevail over any inconsistent provision of any present or future statute.

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And, I am unable to approve that portion of Section 14, Subsection 2, which reads as follows:

The lieutenant governor while performing administrative duties of the office of lieutenant governor when the general assembly is not in session or serving as the president of the senate during special sessions of the general assembly shall receive ~~sixty~~ sixty seven-three dollars per diem and reimbursement for expenses incurred in performing such duties. The lieutenant governor may elect to become a member of any state group insurance plan for employees of the state established under chapter 509A and the disability insurance program established under section 79.20 on the same basis as a full-time state employee. The lieutenant governor shall authorize a payroll deduction of any premium due.

And, I am unable to approve the item designated as Section 14, Subsections 6 and 7 in their entirety.

These items in Senate File 5C4 would provide Polk County members of the General Assembly with a 100 percent increase in their daily allowance during the time the legislature is in session. In addition, non-Polk County legislators would receive an 82.5 percent increase in their daily allowance during the regular and special sessions. Such an increase in the daily allowance when combined with the 13 percent salary increase already provided for in Senate File 504 would allow legislators to receive a combined compensation increase of up to 30 percent.

Clearly, inflation has not increased by 82.5 percent or 100 percent over the past three years; such a large increase in the per diem is, therefore, difficult to justify. Moreover, given the difficult economic times which have faced many Iowans over the past few years, elected officials would do well to set an appropriate example by moderating their compensation increases to those clearly provided in their salaries. By dramatically increasing the daily allowances, legislators have, in effect, provided a huge hidden compensation increase for themselves. I cannot accept this back door method of increasing legislative compensation.

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I am unable to approve that item designated as Section 15, in its entirety and Section 17, in its entirety.

This item in Senate File 504 provides that a portion of the health insurance costs for members of the General Assembly will be paid for by the state and allows the members an almost unlimited ability to change insurance coverage. In addition, this item provides that members of the General Assembly shall become members of the state disability insurance program, despite the fact that legislators have, in the past, not been considered full time state employees. This special treatment for members of the General Assembly ranges beyond the restrictions included in the health and disability insurance plans provided for other state employees. If members of the General Assembly wish to be part of those plans, they should live with the same rules as other state employees. Moreover, by requiring the taxpayers to foot a portion of the health insurance coverage for members of the General Assembly, another form of a hidden increase in compensation for members of the general assembly is included in this bill. I cannot accept these well-masked attempts to increase the compensation of legislators.

I am also deeply concerned about the efforts of the General Assembly to use legal drafting devices to evade my item veto authority on compensation bills. The General Assembly has chosen to remove the appropriation from the salary bill and place it in a separate bill. In fact, that salary adjustment appropriation is made as a lump sum and is placed as a condition upon the approval of Senate File 504. I cannot accept that legislative device to clearly evade the Governor's item veto authority. (People ex rel State Board of Agriculture vs. Brady 115 NE 204)

In this case, the legislature is clearly incorporating a lump sum appropriation in a separate bill in order to evade the Governor's ability to strike specific items relating to the expenditure of that lump sum appropriation. That is clearly a legal device designed to avoid the Governor's ability to strike appropriation items and cannot be accepted.

Moreover, by tying two separate pieces of legislation together with a conditional lump sum appropriation, the legislature is attempting to greatly limit the Governor's authority to separately decide upon the merits of each appropriation item

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in each bill. Taken to its logical conclusion, the legislature could, in effect, eliminate the Governor's item veto authority by providing for the authorization for expenditures in one bill and a lump sum appropriation for those purposes in another. I cannot allow such an erosion of the Governor's item veto authority to occur.

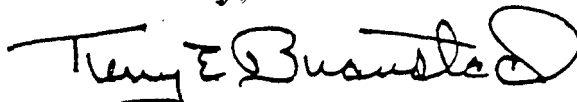
The Governor's item veto authority was designed to provide the Governor with the ability to strike appropriation items. Nothing is more clearly related to the expenditure of taxpayers money than legislation providing additional salary increases. To view the item veto authority otherwise would greatly hamstring the gubernatorial authority over appropriations and potentially emasculate this important check on state spending.

In addition, the bill does authorize payments from a standing unlimited appropriation in Chapter 2 of the Code. An authorization of payment is an appropriation by definition.

In short, I cannot accept the items in Senate File 504 which provide for an 82.5 percent to 100 percent increase in daily allowances for legislators and allow legislators to receive special health insurance coverage treatment. Taken together, these benefit increases would increase legislative compensation by over 30 percent. That is an excessive increase.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment 4 of the Amenaments of 1968 to the Constitution to the State of Iowa. All other items in Senate File 504 are hereby approved as of this date.

Sincerely,



Terry E. Branstad
Governor

TLB/ps

cc: Secretary of the Senate
Chief Clerk of the House

SENATE FILE 509

AN ACT

REVISING CERTAIN STATUTORY PROVISIONS RELATING TO ENGINEERING AND LAND SURVEYING SERVICES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 114.14, subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. (1) Graduation from a course in engineering of four years or more in a school or college which, in the opinion of the board, will properly prepare the applicant for the examination in fundamental engineering subjects. in-lieu-of graduation-from-a-school-or-college;

(2) However, prior to July 1, 1988, in lieu of compliance with subparagraph (1), the board may accept eight years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

(3) Between July 1, 1988 and June 30, 1991, in lieu of compliance with subparagraph (1), the board shall require satisfactory completion of a minimum of two years of postsecondary study in mathematics, physical sciences, engineering technology, or engineering at an institution approved by the board, and may accept six years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental engineering subjects.

Sec. 2. Section 114.14, subsection 2, paragraph a, Code 1987, is amended to read as follows:

a. (1) Graduation from a course in engineering of two years or more in mathematics, physical sciences, mapping and surveying, or engineering in a school or college and six years of practical experience, all of which, in the opinion of

the board, will properly prepare the applicant for the examination in fundamental land surveying subjects. ~~in-lieu of-graduation-from-a-school-or-college;~~

(2) However, prior to July 1, 1988, in lieu of compliance with subparagraph (1), the board may accept eight years' practical experience which, in the opinion of the board, is of satisfactory character to properly prepare the applicant for the examination in fundamental land surveying subjects.

Sec. 3. Section 258A.1; subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. The state board of engineering and land surveying examiners, created pursuant to chapter 114.

JO ANN ZIMMERMAN
President of the Senate

WENALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 509, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

SF 509

DIVISION I
ADMINISTRATION

SENATE FILE 511

AN ACT

RELATING TO THE FINANCING OF PUBLIC AGENCIES AND PROGRAMS AND MAKING APPROPRIATIONS TO AGENCIES, BOARDS, COMMISSIONS, DEPARTMENTS, AND PROGRAMS OF STATE GOVERNMENT RELATING TO ELECTED OFFICIALS. THE EXECUTIVE COUNCIL, MANAGEMENT, REVENUE AND FINANCE, PERSONNEL, GENERAL SERVICES, ECONOMIC DEVELOPMENT, AGRICULTURE, NATURAL RESOURCES, AND EDUCATION, PROVIDING A PROPERTY TAX EXEMPTION FOR CERTAIN EDUCATIONAL FACILITIES, ESTABLISHING AN OFFICE OF STATE-FEDERAL RELATIONS, PROVIDING FOR THE EDUCATION OF AMERICAN INDIAN CHILDREN, ESTABLISHING AN OCCUPATIONAL THERAPIST LOAN PROGRAM, PROVIDING FOR THE SALE OF CERTAIN PROPERTY AND THE PURCHASE OF CERTAIN PROPERTY, PROVIDING TAX EXEMPTION FOR CERTAIN PROPERTY OF A PUBLIC TELEVISION STATION, ESTABLISHING A TARGETED SMALL BUSINESS LINKED DEPOSIT PROGRAM AND IOWA SATISFACTION AND PERFORMANCE BOND PROGRAM, ESTABLISHING A STATE FAIR AUTHORITY, ESTABLISHING AN OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE PROGRAM, ACCRETION TO BARGAINING UNITS OF CERTAIN TEACHERS, PROVIDING FOR A LOAN OF MONEYS IN THE PERMANENT SCHOOL FUND, PROVIDING A TAX DEDUCTION AND A TAX CREDIT FOR CERTAIN PURPOSES, MAKING PROVISIONS RETROACTIVE, AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 101. There is, appropriated from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988 to the office of the secretary of state, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support for not more than forty-five full-time equivalent positions, maintenance, and other operational purposes	\$ 1,295,192

Sec. 102. There is appropriated from the general fund of the state to the office of the governor for the fiscal year commencing July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For salaries and support for not more than fifteen full-time equivalent positions, maintenance, and miscellaneous purposes of the general office of the governor	\$ 763,711
2. For the governor's expenses connected with office	\$ 5,439
3. For salaries and support for not more than three full-time equivalent positions, and miscellaneous purposes of the governor's quarters at Terrace Hill	\$ 79,554

4. For the payment of expenses of ad hoc committees, councils, and task forces appointed by the governor to research and analyze a particular subject area relevant to the problems and responsibilities of state and local government, including the employment of professional, technical, and administrative staff and the payment of per diem, not exceeding forty dollars, and actual expenses of committee, council, or task force members \$ 15,706

5. For salaries and support for not more than two full-time equivalent positions, maintenance, and miscellaneous purposes of the office of administrative rules coordinator \$ 76,466

Sec. 103. There is appropriated from the general fund of the state to the office of the lieutenant governor for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than two point five full-time equivalent positions, maintenance, and miscellaneous purposes including the lieutenant governor's compensation and expenses as provided in subsection 2 of section 2.10 including ser-

vice as a member of the legislative council and for per diem and expenses incurred while performing duties of the lieutenant governor when the general assembly is not in session \$ 122,518

Sec. 104. There is appropriated from the general fund of the state to the office of treasurer of state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than twenty-five full-time equivalent positions, maintenance and other operational purposes \$ 569,188

Sec. 105. There is appropriated from the general fund of the state to the executive council for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than one point four full-time equivalent positions, maintenance, and miscellaneous purposes \$ 39,605

Sec. 106. There is appropriated from the general fund of the state to the following named agencies for the fiscal year commencing July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988

Fiscal Year

1. NATIONAL CONFERENCE OF STATE LEGISLATURES

For support of the membership assessment \$ 60,844.

2. COMMISSION ON UNIFORM STATE LAWS

For support of the commission and expenses of the members \$ 18,273

Sec. 107. There is appropriated from the general fund of the state to the department of general services for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988

Fiscal Year

1. GENERAL OPERATIONS

For salaries and support for not more than two hundred thirty-three point six full-time equivalent positions, maintenance, and miscellaneous purposes \$ 4,963,985

It is the intent of the general assembly that the department of general services shall continue the forms management program with the funds appropriated in this subsection:

Savings achieved in providing telecommunications services shall be used by the department of general services to increase efficiencies in the provision of those services.

2. DIVISION OF INFORMATION SERVICES

For salaries and support for not more than one hundred sixty-three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 5,379,627

It is the intent of the general assembly that funds appropriated in this subsection not be used for the replacement of computer equipment with newer technological devices to replace the current processing capacity or replace the currently installed magnetic tape units.

It is the intent of the general assembly that ninety thousand (90,000) dollars of the funds appropriated in this subsection be used for the installation of computer terminals to improve county auditor access to the state voter registration system.

3. CAPITOL PLANNING COMMISSION

For expenses of the members in carrying out their duties under chapter 18A \$ 1,571

4. UTILITY COSTS

For payment of utility costs \$ 1,583,067
The department of general services may use funds appropriated in this subsection for utility costs to fund energy conservation projects in the state capitol complex which will have a one hundred percent payback within a twelve-month period.

5. RENTAL SPACE

For payment of lease or rental costs of buildings and office space at the seat of government as provided in section 18.12, subsection 9, notwithstanding section 18.16 \$ 667,773

6. RISK MANAGEMENT

To fund risk reduction projects for uninsured state-owned property pursuant to section 18.164, subsection 1 \$ 18,500

It is the intent of the administration appropriations subcommittee that an additional two million (2,000,000) dollars should be appropriated from the lottery funds to the department of general services for continuation of the capitol

restoration project which is an important project which should be continued on schedule.

Sec. 108. There is appropriated from the revolving funds designated to the department of general services for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

DEPARTMENT OF GENERAL
SERVICES -- REVOLVING FUNDS

1. From the centralized printing permanent revolving fund established by section 18.57 for salaries and support for not more than twenty-nine full-time equivalent positions, maintenance, and miscellaneous purposes \$ 743,986

2. The remainder of the centralized printing revolving fund is appropriated for the expense incurred in supplying paper stock, offset printing, copy preparation, binding, distribution costs, original payment of printing and binding claims and contingencies arising during the fiscal year beginning July 1, 1987 which are legally payable from this fund.

3. From the general service revolving fund established by section 18.9 for salaries and support for not more than fourteen full-time equivalent positions, maintenance, and miscellaneous purposes \$ 470,850

The remainder of the general services revolving fund is appropriated for the payment of expenses incurred through

purchases by various state departments and for contingencies arising during the fiscal year beginning July 1, 1987 and ending June 30, 1988 which are legally payable from this fund.

4. From the vehicle dispatcher revolving fund established by section 18.119 for salaries and support for not more than fifteen full-time equivalent positions, maintenance, and miscellaneous purposes \$ 439,926

5. The remainder of the vehicle dispatcher revolving fund is appropriated for the purchase of gasoline, oil, tires, repairs and all other maintenance expenses incurred in the operation of state-owned motor vehicles and for contingencies arising during the fiscal year beginning July 1, 1987 which are legally payable from this fund.

Sec. 109. There is appropriated from the general fund of the state to the department of general services for each fiscal year in the fiscal period beginning July 1, 1988 and ending June 30, 1990, the sum of three million (3,000,000) dollars, or so much thereof as is necessary, to be used for capitol complex construction and renovation.

Sec. 110. There is appropriated from the general fund of the state to the department of personnel for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
fiscal Year

1. For salaries and support for not more than ninety-four point twenty-five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 3,045,213

a. The department may expend up to sixty-nine thousand five hundred thirty-eight (69,538) dollars of the funds appropriated in this subsection for the purpose of investigating worker's compensation claims and expediting the claims process. The department may not employ more than two additional full-time equivalent positions annually for this purpose.

b. The department may expend up to thirty-four thousand four hundred forty-two (34,442) dollars of the funds appropriated in this subsection for the purpose of monitoring trends in unemployment compensation claims and to provide training to department administrative and supervisory staff in unemployment cost avoidance. The department may not employ more than one additional full-time equivalent position annually for this purpose.

2. For salaries and support for not more than four point seventy-five full-time equivalent positions, maintenance, and other operational purposes to pay the costs of administration of federal old age benefit and Iowa old age survivors insurance programs' \$ 152,272

Sec. 111. There is appropriated from the Iowa public employees' retirement system fund to the department of personnel for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes designated:

1987-1988
Fiscal Year

For salaries, support, maintenance, and other operational purposes to pay the costs of the Iowa public em-

ployees' retirement system \$ 2,124,435

It is the intent of the general assembly that the Iowa public employees' retirement system employ sufficient staff within the appropriation provided in this section to meet the developing requirements of the investment program.

Sec. 112. There is appropriated from the general fund of the state to the department of revenue and finance for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, to be used for the funding of the following programs for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than six hundred thirteen point twenty-eight full-time equivalent positions, maintenance, and miscellaneous purposes \$ 17,316,998

Sec. 113. There is appropriated from the motor vehicle fuel tax fund to the department of revenue and finance for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, for salaries, support, maintenance, and other operational purposes for administration and enforcement of the provisions of chapter 324 and the motor vehicle use tax program:

1987-1988
Fiscal Year
\$ 977,676

It is the intent of the general assembly that one hundred twenty-five thousand (125,000) dollars of the funds appropriated in this section be used for increased monitoring of special fuel tax accounts and the collection of delinquent fuel taxes. The department shall report quarterly beginning July 1, 1987 to the legislative fiscal bureau the estimates of additional revenue collected as a result of any increase in auditing and enforcement provided under this appropriation.

Sec. 114. There is appropriated from the lottery fund to the department of revenue and finance for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than one hundred forty-one point thirty-five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 7,458,628

After exhausting its lottery fund appropriation, the lottery division of the department of revenue and finance may, upon approval of the department of management and the fiscal committee of the legislative council, expend additional funds.

Sec. 115. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988 to the department of management, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

1. DEPARTMENT OF MANAGEMENT

For salaries and support for not more than thirty-two full-time equivalent positions, maintenance, and miscellaneous purposes, and for program administration of justice assistance funds, the statistical analysis center, and highway safety grant funds, provided that the office of state-federal relations is no longer funded through the department of management under a chap-

ter 28E agreement or funded by the department of management through its budget \$ 1,354,464

2. COUNCIL OF STATE GOVERNMENTS

For support of the membership assessment 5 52,500

Sec. 116. There is appropriated from the general fund of the state to the office of state-federal relations for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 190,034

Sec. 117. There is appropriated from the general fund of the state to the moneys and credits replacement fund established in section 422.100 for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the sum of one million four hundred seventy-five thousand (1,475,000) dollars, or so much thereof as may be necessary, to be used for payments to counties as provided in section 422.100. Notwithstanding section 422.100, all of the funds allocated to the counties from the moneys and credits replacement fund during the fiscal year beginning July 1, 1987 and ending June 30, 1988, shall be allocated to cities as required by law by the county treasurer.

If Senate File 279 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law, this section is void.

Sec. 118. There is appropriated from the general fund of the state to the municipal assistance fund, established in section 405.1, for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amount, or so much thereof as is necessary, to be used for state assistance to

municipalities, with distribution in accordance with section 405.1.

1987-1988
Fiscal Year
\$ 14,503,500

If Senate File 279 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law, this section is void.

Sec. 119. There is appropriated from the general fund of the state to the county assistance fund, established in section 334A.1, for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amount, or so much thereof as is necessary, to be used for state assistance to counties, with distribution in accordance with section 334A.2.

1987-1988
Fiscal Year
\$ 5,296,500

If Senate File 279 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law, this section is void.

Sec. 120.

1. There is appropriated from the general fund of the state to the salary adjustment fund provided for in section 8.43, for the fiscal year beginning July 1, 1987, the sum of thirty-four million seven hundred sixty-three thousand six hundred fifty-seven (34,763,657) dollars, or so much thereof as may be necessary, to be distributed to the various departments to supplement other funds appropriated by the general assembly.

2. There is appropriated from the road use tax fund of the state to the state department of transportation, for the fiscal year beginning July 1, 1987, the sum of two hundred ninety-six thousand forty-five (296,055) dollars, or so much thereof as may be necessary, to supplement other funds appropriated by the general assembly.

3. There is appropriated from the road use tax fund of the state to the department of public safety, for the fiscal year beginning July 1, 1987, the sum of five hundred sixty-five

thousand nine hundred eighteen (565,918) dollars, or so much thereof as may be necessary, to supplement other funds appropriated by the general assembly.

4. There is appropriated from the primary road fund to the state department of transportation, for the fiscal year beginning July 1, 1987, the sum of two million one hundred fifty-nine thousand seven hundred thirteen (2,159,713) dollars, or so much thereof as may be necessary, to supplement other funds appropriated by the general assembly.

5. Except as otherwise provided in this Act, the amounts appropriated in subsections 1, 2, 3, and 4 shall be used to fund the annual pay adjustments, expense reimbursements, and related benefits not in conflict with the Code for public officials and employees as authorized in Senate File 504, enacted by the Seventy-second General Assembly, 1987 Session.

6. The funds allocated to the state board of regents for faculty salary adjustments at the three state universities shall be distributed based on an amount necessary to fund an eleven percent increase in the faculty salaries after funds received from increased tuition, less the amount committed to student aid, have been allocated for that purpose.

Sec. 121.

1. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987, the following amounts to the designated political subdivisions or public agencies:

	1987-1988 <u>Fiscal Year</u>
a. To the seven regional libraries of the regional library system as defined in section 3038.2	\$ 15,400
b. To the substance abuse treatment facilities receiving substance abuse program grants as provided in section 125.25	\$ 97,200

c. To local boards of health receiving in-home health care grants \$ 30,100

d. Local homemaker/chore service programs\$ 100,600

2 The director of the department of management shall allocate and distribute each of the amounts specified in this section to the programs indicated. Moneys received by local programs under this section shall be used to pay the state's share of the authorized salary increases for the local program employees.

Sec. 122. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of general services the sum of four million two hundred fifty thousand (4,250,000) dollars, or so much thereof as is necessary, of which seven hundred fifty thousand (750,000) dollars shall be allocated to the historical division of the department of cultural affairs to equip the new historical building with the remainder to be used for capitol complex construction and renovation.

Notwithstanding section 8.33, funds appropriated by this section which are unexpended or unencumbered shall carry forward to the fiscal year beginning July 1, 1987 for the same purpose as originally appropriated.

Sec. 123. Funds appropriated from the general fund of the state in sections 120 and 121 of this Act relate only to salaries supported from general fund appropriations of the state.

Sec. 124. To departmental revolving, trust, or special funds, except for the primary road fund or the road use tax fund, for which the general assembly has established an operating budget, a supplemental authorization is provided for those funds, unless otherwise provided, in an amount necessary to fund salary adjustments provided in Senate File 504, enacted by the Seventy-second General Assembly, 1987 Session.

Sec. 125. CRIMINAL AND JUVENILE JUSTICE PLANNING AGENCY -- STUDY.

The legislative fiscal bureau shall conduct a study and evaluation of the criminal and juvenile justice planning agency within the department of management and shall report its findings to the general assembly. The study and valuation shall include a review of the following:

1. The appropriate organization and location of the agency.
2. The agency's progress in meeting the requirements of chapter 80C.
3. The coordination and expenditure of federal justice-related grant moneys.
4. The activity of the criminal and juvenile justice advisory council.
5. The staffing pattern and needs of the agency.
6. Assistance provided by the agency to state and local units of government.
7. Other relevant issues identified by the legislative council or the legislative fiscal bureau.

Sec. 126. NEW SECTION. 7F.1 OFFICE FOR STATE-FEDERAL RELATIONS.

1. PURPOSE. The purpose of this section is to establish, as an independent agency, an office for state-federal relations which will develop a nonpartisan state-federal relations program accessible to all three branches of state government.

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

- a. "Office" means the office for state-federal relations established pursuant to this section.
- b. "Commission" means the state-federal relations commission established pursuant to this section.

3. COMMISSION ESTABLISHED. A state-federal relations commission is established composed of the director of the department of management or the director's designee, the

director of the legislative fiscal bureau or the director's designee, and the state court administrator or the administrator's designee. A different member of the commission shall serve as the commission's chairperson each year. The commission shall:

- a. Establish general policies for the operation and funding of the office.
- b. Promote cooperation and information sharing among the agencies of the three branches of government in the development of an effective state-federal relations program.
- c. Annually review the operation and activities of the office and by February 15 report its findings and any recommendations to the governor, the general assembly, and the supreme court.

4. OFFICE ESTABLISHED. A state-federal relations office is established as an independent agency with oversight of the office to be provided by the state-federal relations commission. The office shall be located in Washington D.C. and shall be administered by the director of the office who is appointed by the governor, subject to confirmation by the senate, and who serves at the pleasure of the governor. The office and its personnel are exempt from the merit system provisions of chapter 19A.

5. OFFICE DUTIES. The office shall:

- a. Coordinate the development of Iowa's state-federal relations efforts which shall include an annual state-federal program to be presented to Iowa's congressional delegation, the sponsorship of training sessions for state government officials and the maintenance of a management information system.
- b. Provide state government officials with greater access to current information on federal legislative and executive actions affecting state government.
- c. Advocate federal policies and positions which benefit the state or are important to state government.

d. Monitor federal budget policies and assistance programs and assess their impact on the state.

e. Strengthen the working relationships between state government officials and Iowa's congressional delegation.

f. Improve the state's ability to establish key contacts with federal officials, officials from other states, organizations, business groups, and professional associations in order to share information and form cooperative agreements.

6. SUPPORT SERVICES AND COOPERATION. The department of management, the legislative fiscal bureau, and the state court administrator's office shall provide administrative support services to the office. All agencies of state government shall cooperate fully with the office on matters pertaining to its federal-state relations responsibilities. Agencies may enter into agreements with the office to provide or receive special services of benefit to or from the federal-state relations program.

Sec. 127. Section 8.21, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The governor shall transmit to the general assembly not later than seven days following delivery of the budget message to the general assembly the final bill drafts of the governor's proposed budget expenditures. The bill drafts shall be written in the bill drafting form adopted by the legislative council.

Sec. 128. NEW SECTION. 12.40 TARGETED SMALL BUSINESS LINKED DEPOSIT PROGRAM.

The treasurer of state shall adopt rules to implement a targeted small business linked deposit program to increase the availability of lower cost funds to inject needed capital into small businesses owned and operated by women or minorities, which is the public policy of the state. The rules shall be in accordance with the following:

- 1. "Targeted small business" means a business as defined in section 220.111, subsection 1.

2. A linked deposit shall only be approved in connection with a loan application for a targeted small business which has been certified pursuant to section 15.108, subsection 7, paragraph "c", subparagraph (4).

3. Loan applications for a targeted small business shall be for the purchase of land, machinery, equipment, or licenses, or patent, trademark, or copyright fees and expenses, but not inventory.

4. The maximum size of a targeted small business loan is one hundred thousand dollars per borrower for intangible property and two hundred fifty thousand dollars per borrower for tangible personal or real property.

Sec. 129. NEW SECTION. 12.41 IOWA SATISFACTION AND PERFORMANCE BOND PROGRAM.

Agencies of state government shall be required to waive the requirement of satisfaction or performance bonds for targeted small businesses which are able to demonstrate the inability of securing such a bond because of a lack of experience. This waiver shall not apply to businesses with a record of repeated failure of substantial performance or material breach of contract in prior circumstances. The waiver shall be applied only to a project or individual transaction amounting to fifty thousand dollars or less, notwithstanding section 573.2. In order to qualify, the targeted small business shall provide written evidence to the department of economic development that the bond would otherwise be denied the business. The granting of the waiver shall in no way relieve the business from its contractual obligations and shall not preclude the state agency from pursuing any remedies under law upon default or breach of contract.

The department of economic development shall certify targeted small businesses for eligibility and participation in this program and shall make this information available to other state agencies.

Subdivisions of state government may also grant such a waiver under similar circumstances.

Sec. 130. Section 18.12, subsection 7, Code 1987, is amended to read as follows:

7. Contract, with the approval of the executive council, for the repair, remodeling or, if the condition warrants, demolition of all buildings and grounds of the state at the seat of government and the institutions of the department of human services and the department of corrections for which no specific appropriation has been made, if the cost of repair, remodeling or demolition will not exceed one hundred thousand dollars when completed. The cost of repair projects for which no specific appropriation has been made shall be paid from the fund provided in section 19.29.

Sec. 131. Section 18.134, Code 1987, is amended to read as follows:

18.134 LIMITATION OF COMMUNICATIONS.

The department of general services shall not provide or resell communications services to entities other than state agencies. A political subdivision receiving communications services from the state as of April 1, 1986 may continue to do so until January 17, 1988 but communications services shall not be provided or resold to additional political subdivisions. The rates charged to the political subdivision shall be the same as the rates charged to state agencies.

Sec. 132. Section 324.66, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The appropriate state agency shall administer the taxes imposed by this chapter in the same manner as and subject to section 422.25, subsection 4 and section 422.52, subsection 3. Notwithstanding section 422.52, subsection 3, all special fuel licensees are required to file a bond with the director in an amount as established by the director.

Sec. 133. NEW SECTION. 421.45 AUDIT EXPENSE FUND.

There is created in the office of the treasurer of state an "audit expense fund" for the use of the department to fund audit expenses as authorized in this section. The department may employ up to twenty-five full-time equivalent positions in

its tax audit staff to increase tax audits. Positions filled under authority of this section shall be paid from funds in the audit expense fund.

Of the funds appropriated to the department under section 112 of this Act, one million dollars shall be credited to the audit expense fund on July 1, 1987.

The moneys in the fund shall be used for salaries, support, maintenance, and miscellaneous purposes for the additional audit staff authorized by this section. Moneys received by the department of revenue and finance from audits conducted by audit staff employed with moneys available under this section shall be credited to the general fund of the state and this fund. Of the moneys received, three-fourths of the moneys shall be credited to the general fund of the state and the remaining moneys shall be credited to the audit expense fund.

Sec. 134. Section 422.45, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale of tangible personal property which will be given as prizes to players in games of skill, games of chance, raffles, and bingo games as defined in chapter 99B.

Sec. 135. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts.

DIVISION 11

AGRICULTURE AND NATURAL RESOURCES

Sec. 201. DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP. There is appropriated from the general fund of the state and the trust funds indicated to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

- 1. ADMINISTRATIVE DIVISION
 - a. From the general fund for salaries, support, maintenance, and miscellaneous purposes \$ 944,285
 - b. From the fertilizer fund to be transferred to the administration division \$ 45,417
 - c. From the dairy trade practice fund to be transferred to the administration division \$ 86,321
 - d. From the commercial feed fund to be transferred to the administration division \$ 45,417
 - e. The department of agriculture and land stewardship 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.
 - f. Funds appropriated by this subsection are for the salaries and support of not more than forty-one point seventy-four full-time equivalent positions.
- 2. FARM COMMODITY DIVISION
 - a. From the general fund for salaries and support for not more than twenty-three point five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 705,842
 - b. Of the amount appropriated from the general fund under paragraph "a" of this subsection, three hundred forty-six thousand three hundred seventy-nine (346,379) dollars shall be allocated to the horticultural division for the continuation of the agricultural diversification program as enacted by 1986 Iowa Acts, chapter 1246, section 501, subsection 1, paragraph "e".
- 3. REGULATORY DIVISION
 - From the general fund for salaries

and support for not more than one hundred forty-seven full-time equivalent positions, maintenance, and miscellaneous purposes \$ 3,519,884

4. LABORATORY DIVISION

a. From the general fund for salaries, support, maintenance, and miscellaneous purposes \$ 593,578

b. From the commercial feed fund to be transferred to the laboratory division \$ 756,329

c. From the pesticide fund to be transferred to the laboratory division \$ 464,835

d. From the fertilizer fund to be transferred to the laboratory division \$ 801,609.

e. Funds appropriated by this subsection are for salaries and support of not more than ninety-two full-time equivalent positions.

5. SOIL CONSERVATION DIVISION

a. From the general fund for salaries and support for not more than one hundred eighty-eight point zero five full-time equivalent positions, maintenance, assistance to soil conservation districts, and for miscellaneous purposes \$ 4,269,334

The full-time equivalent positions authorized in this paragraph include four full-time equivalent positions for projects authorized in House File 631 regarding agricultural drainage wells and sinkholes.

b. Of the amount appropriated from the general fund of the state under paragraph "a" of this subsection, three hundred three thousand four hundred thirty-six (303,436) dollars shall be used to conduct soil surveys in conjunction with federal, state, and local agencies in Iowa.

c. To provide financial incentives

for soil conservation practices in accordance with the provisions of paragraph "d" of this subsection \$ 6,546,519

d. The following requirements apply to the funds appropriated by paragraph "c":

(1) Not more than five percent may be allocated for cost sharing to abate complaints filed under section 467A.47 and 467A.48.

(2) 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 section 214 of this Act.

(3) The soil conservation district commissioners may allocate financial incentives not exceeding sixty percent of the cost of permanent soil conservation practices for special watershed practices or summer construction incentives under section 467A.7, subsections 17 and 19.

(4) Except for the allocations subject to subparagraphs 1, 2, and 3, 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 Soil conservation committee may allocate funds to conduct research and demonstration projects to promote conservation tillage and nonpoint sources pollution control practices.

(6) Not more than thirty percent of a district's allocation may be allocated by the soil conservation district commissioners for the establishment of management practices to control soil erosion on land that is now row cropped.

(7) The financial incentive payments may be used in combination with department of natural resources funds.

e. The provisions of section 8.33 shall not apply to the funds appropriated by paragraph "c". Unencumbered or unobligated funds remaining on June 30, 1991 from funds appropriated for the fiscal year beginning July 1, 1987 shall revert to the general fund on September 30, 1991.

6. It is the intent of the general assembly that the department of agriculture and land stewardship, in its operation of the agricultural marketing program, shall conform its activities to the mission, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the agriculture and natural resources appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The department shall operate an agricultural marketing program designed to lead to more advantageous marketing of Iowa agricultural products to accomplish the following objectives:

a. Investigate the subject of marketing agricultural products and recommend efficient and economical methods of marketing.

b. Promote the sales, distribution, and merchandising of agricultural products to be indicated by the number of trade or sales leads originated through the agricultural marketing programs, by the number of Iowa companies represented at trade shows, and by the number of out-of-state buyers contacted through trade shows and other promotional events.

c. Furnish information and assistance to the public concerning the marketing of agricultural products to be indicated by the number of Iowa companies that receive counseling or assistance.

d. Cooperate with the college of agriculture of Iowa State University of science and technology in farm marketing education and research and avoid unnecessary duplications to be indicated by the number of meetings with the university staff to discuss marketing research and education and number and type of recommendations generated from these meetings.

e. Gather and diffuse useful information concerning all phases of the marketing of Iowa farm products in cooperation with other public and private agencies.

f. Ascertain sources of supply of Iowa agricultural products and prepare and publish from time to time lists of names and addresses of producers and consignors and furnish lists to persons applying for them to be indicated by the number of potential out-of-state buyers that receive the list of Iowa suppliers.

g. Aid in the promotion and development of the agricultural processing industry in the state to be indicated by the number of trade or sales leads originated through the agricultural marketing programs, the number of Iowa companies represented at trade shows, the number of out-of-state buyers contacted through trade shows and other promotional events, and the number of Iowa companies meeting with out-of-state buyers brought to Iowa as part of the agricultural marketing programs.

Sec. 202. There is appropriated to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1987 and ending June 30, 1988 from the funds available under section 998.13 the sum of one hundred twelve thousand (112,000) dollars, or as much thereof as necessary, for volunteer assistance and not more than three full-time equivalent positions for the administration of section 99D.22.

Sec. 203. MULTIFLORA ROSE ERADICATION COST REIMBURSEMENT.

1. There is appropriated from the general fund of the state to the state department of agriculture and land stewardship for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of sixty thousand (60,000)

dollars, or as much thereof as may be necessary, to be used for the purpose of partially reimbursing agricultural landowners or tenants for the cost of herbicide for controlling or eradicating the multiflora rose which has severely infested their agricultural land. Not more than five percent of the funds appropriated under this subsection shall be used for administrative expenses.

2. A county board of supervisors desiring a share of the appropriation shall, in conjunction with the county weed commissioner and the county soil conservation district commissioners, develop a plan to combat severe infestations of multiflora rose on privately owned land within the county. The plan shall be based upon partial reimbursement of individual landowner's costs for the purchase of herbicide from both state and county appropriations; however, the share of costs reimbursed by state funds shall not exceed one-fourth. The plan shall be submitted to the secretary of agriculture for approval or recommendations for modification.

3. A landowner or tenant whose agricultural land is severely infested by multiflora roses may apply to the soil conservation district commissioners of the county for partial reimbursement, according to the approved plan, of the cost of herbicide for controlling or eradicating the multiflora rose on the agricultural land. The county weed commissioner shall assist the soil conservation district commissioners in investigating the application and determining if the infestation is severe. The soil conservation district commissioners shall review and approve each application for partial cost reimbursement if the infestation is severe on the applicant's agricultural land. If the soil conservation district commissioners find the amount of reimbursement claimed to be excessive, the district commissioners may approve a lesser amount. The reasons for disapproval of an application or reduction of the amount of reimbursement shall be sent in writing to the applicant. The amount of reimbursement certified by the secretary shall be paid by warrant issued by the director of revenue and finance.

4. Federal lands and federal land tenants are not eligible for reimbursement under this section.

Sec. 204. DEPARTMENT OF NATURAL RESOURCES. There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

	1987-1988
	<u>Fiscal Year</u>
1. For salaries, support, maintenance, and miscellaneous purposes	\$ 10,149,123
Of the amounts appropriated from the general fund under this subsection, thirty-three thousand (33,000) dollars shall be used for studies of preserves. It is a condition of the funds appropriated by this subsection that the department fund the position of state ecologist. It is a condition of the funds appropriated by this subsection that the department cease motor fuel price forecasting and reporting during fiscal year 1988, section 93.7 notwithstanding.	
2. For reimbursement to federal agencies for cooperative contracts	\$ 186,169
3. For the green thumb program for the employment of the elderly in conservation and outdoor recreation related fields in coordination with other agencies as provided by law	\$ 200,000
4. 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 environmental protection commission \$ 1,278,008

The provisions of section 8.33 shall not apply to the funds appropriated by this subsection. Unencumbered or unobligated funds remaining on June 30, 1991 from funds appropriated for the fiscal year beginning July 1, 1987, shall revert to the general fund on September 30, 1991.

5. It is the intention of the general assembly in adopting the appropriation under subsection 1 and this subsection to cease-funding for the department's implementation of the federal Resource Conservation and Recovery Act permit program for hazardous waste Facilities in this state. Section 455B.411, subsections 6, 9, and 10, section 455B.412, subsections-2 through 4, and sections 4558.413 through 455B.421 are suspended and do not apply as they pertain to that permit program, but are not suspended and do apply as they pertain to abandoned and uncontrolled sites, used oil, and site licensing under chapter 4558, division IV, part 6. The suspension provided by this subsection begins July 1, 1987 and ends June 30, 1989.

Sec 205. There is appropriated from the state fish and game protection fund to the department of natural resources for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

DIVISION OF FISH AND WILDLIFE

1. From the state fish and game protection fund for salaries, support, maintenance, equipment, and miscellaneous purposes including not more than two million one hundred ten thousand six hundred fourteen (2,110,614) dollars during the fiscal year beginning

on July 1, 1987 which shall be available from the state fish and game protection fund for administrative support \$ 13,769,023

2. From the fees deposited under section 3216.7 to the fish and game protection fund for enforcement of snow-mobile laws as part of the state snow-mobile program \$ 145,000

3. 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 \$ 950,000

4. Funds remaining in the fish and game protection fund during fiscal year 1987-1988 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, 1987. 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 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 in 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.

5. It is the intent of the general assembly that the law enforcement bureau of the fish and wildlife division of the department of natural resources, in its operations to protect

the state's fish and wildlife natural resources, shall conform its operation to the mission, goals, and objectives provided in this subsection and collect information pertaining to the performance measures developed by the legislative fiscal bureau. The division shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the agriculture and natural resources appropriations subcommittee on the performance measures. The division shall be notified by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The fish and wildlife division of the department of natural resources exists to protect, propagate, increase, and preserve the wild mammals, fish, birds, reptiles, and amphibians of the state and enforce by proper actions and proceedings the laws and rules relating to them and to collect, classify, and preserve all statistics, data, and information as in its opinion tend to promote the objects of the law, to conduct research in improved conservation methods, and disseminate information to residents and nonresidents in conservation matters. The bureau must ensure adequate protection and wise use of Iowa's fish and wildlife natural resources to accomplish the following objectives:

a. To enforce conservation laws and rules relating to fishing, hunting, trapping, boating, dock permits, snowmobiling, and public land management to be indicated by not less than one hundred thousand hours per year devoted to law enforcement.

b. To assist with fish and wildlife population surveys and nuisance animal complaints to be indicated by not less than five thousand hours per year devoted to these surveys and nuisance animal investigations.

c. To provide conservation information to the public by writing newspaper and magazine articles, speaking before organized groups, contacting radio and television media, and person-to-person contacts, to be indicated by not less than

twenty thousand hours per year devoted to providing public information and not less than four thousand hours per year devoted to public programs and meetings.

d. To provide assistance to the public, other public agencies, and other divisions of the department as needed to be indicated by not less than ten thousand hours per year devoted to providing assistance to the public and other agencies.

e. To provide conservation-recreation safety and ethics training through hunter safety and ethics training, snowmobile safety training, boating safety training, and fur harvester education and ethics training to be indicated by offering not less than nine hundred safety-recreation courses, three thousand two hundred hours per year devoted to safety-recreation training, and training not less than ten thousand persons.

Sec. 206. MARINE FUEL TAX FUND. There is appropriated from the marine fuel tax fund to the department of natural resources for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the following purposes:

	1987-1988 <u>Fiscal Year</u>
1. For maintenance and development of boating facilities and access to public waters	\$ 397,179
2. For deposit in the state fish and game protection fund for the administration and enforcement of navigation laws and boat safety	\$ 100,000

The balance of the amount computed as provided in section 324.84 for the fiscal year beginning July 1, 1987, and ending June 30, 1988 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, 1988, shall revert to the fund from which appropriated June 30, 1990.

Sec. 207. There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 1986 and ending June 30, 1987, for the payment of assessments to the midwest interstate low-level radioactive waste compact the following amounts, or so much thereof as is necessary, for the fiscal periods indicated:

1. Assessment for the fiscal year beginning July 1, 1986 and ending June 30, 1987	\$	45,000
2. Assessment for the fiscal year beginning July 1, 1987 and ending June 30, 1988	\$	60,000

Notwithstanding section 8.33, funds appropriated by this section which remain unexpended or unencumbered on June 30, 1987 shall not revert to the general fund of the state.

Sec. 208. There is appropriated from the general fund of the state to the department of natural resources for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of forty thousand (40,000) dollars, or so much thereof as is necessary, to conduct a feasibility study of constructing a dam at Pine Lake state park.

Sec. 209. Notwithstanding section 8.33, of the funds appropriated to the horticultural division of the department of agriculture and land stewardship by 1986 Iowa Acts, chapter 1246, section 501, subsection 1, paragraph "e", which would otherwise revert to the general fund, fifteen thousand (15,000) dollars, or so much thereof as necessary, shall carry over and be used by the department to conduct a pilot project providing federal special supplemental food program recipients with coupons redeemable at farmers markets. The department shall adopt rules governing the project.

Sec. 210. There is appropriated from the general fund of the state to the department of agriculture and land stewardship for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of two hundred fifty thousand (250,000) dollars, or so much thereof as may be necessary, for the farm commodity division to be used to pay initial costs of

establishing the Iowa agricultural export trading company. Moneys appropriated under this section may be used for salaries and support for not more than four full-time equivalent positions. These full-time equivalent positions are included in the farm commodity division total in section 201, subsection 2, paragraph "a", of this Act.

Notwithstanding section 8.33, moneys which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure by the department of agriculture and land stewardship for the purposes specified for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

The moneys appropriated in this section shall revert to the general fund of the state upon successful completion of the public stock offering of the Iowa agricultural export trading company as required by Senate File 274.

Sec. 211. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of agriculture and land stewardship the sum of one hundred twenty-five thousand (125,000) dollars for startup funding for the Iowa grain quality program. Moneys appropriated in this section may be used for salaries and support for one full-time equivalent position.

Notwithstanding section 8.33, the funds which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure by the department of agriculture and land stewardship for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 212. Funds appropriated by section 204, except subsection 3 of that section, and sections 205 and 206 of this Act are for salaries and support for not more than nine hundred twelve point thirty-six full-time equivalent positions.

Sec. 213. The natural resource commission shall give priority to the acquisition of private property along the Cedar Valley nature trail in Black Hawk, Buchanan, Benton, and Linn counties and its extension into Johnson and Cedar Counties; the Heritage trail in Dubuque county; the Comet trail in Grundy county; and the trail from Des Moines to Arispe in Polk, Warren, Madison and Union counties. The department of transportation shall provide technical assistance to the natural resources commission with regard to acquisition proceedings. State funds shall not be used unless appropriated by the general assembly.

Sec. 214. During the fiscal year for which funds are appropriated by section 204 of this Act, the department of natural resources 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.

Sec. 215. The natural resources 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 the appropriations to the department of agriculture and land stewardship for permanent soil conservation practices.

Sec. 216. An employee of the department of natural resources who retires after the effective date of this Act is eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement covering the public safety bargaining unit at the time of retirement if that employee previously served in a position which would have been covered by that agreement. The employee shall be given credit for the service in that prior position as though it were covered by that agreement. This section shall not operate to reduce any retirement benefits an employee may have earned under other collective bargaining agreements or retirement programs.

Sec. 217. Effective July 1, 1987, the department of natural resources shall establish prices of plant material grown at the state forest nurseries to cover half of all expenses directly related to the growing of the plants.

Effective July 1, 1988, the department shall establish prices of plant material grown at the state forest nurseries to cover eighty percent of all expenses directly related to the growing of plants.

Effective July 1, 1989, the department shall establish prices of plant material grown at the state Corest nurseries to cover all expenses directly related to the growing of the plants.

The department shall develop additional programs to encourage the wise management and preservation of existing woodlands and shall increase its efforts to encourage forestation and reforestation on private and public lands in the state.

The department shall encourage a cooperative relationship between the state forest nurseries and private nurseries in the state in order to achieve these goals.

Sec. 218. The natural resources commission shall not authorize the reconstruction of the bridge over the canal at Black Aawk state park.

Sec. 219. Of the appropriations made from the jobs now account of the Iowa plan fund, under section 999.32, subsection 3, paragraph "a", to the department of natural resources for the fiscal year beginning July 1, 1987, at least two hundred fifty thousand dollars shall be used for grants-in-aid to county conservation boards: two hundred fifty thousand dollars shall be used, only if federal funds are available, for acquisition and development of facilities under the western trails historical project: two hundred fifty thousand dollars for the Union Grove lake restoration development project: forty thousand dollars for the A. A. Call state park restoration project: fifteen thousand dollars for bike and recreational trail development projects in the

greenbelt area located in or near the Iowa river corridor; one hundred sixty-five thousand dollars to Marshall county conservation board for restoration work including dam repair at Green Castle lake; one hundred thousand dollars for the civilian conservation corps museum and memorial at Backbone state park; and thirty-five thousand dollars for additional acquisition at Maquoketa caves park.

Sec. 220. There is appropriated from the general fund of the state to the Iowa agricultural development authority for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount of five million (5,000,000) dollars, or so much thereof as is necessary, to be used for providing assistance to Iowa farmers under and through the agricultural loan assistance programs. Not more than one hundred fifty thousand (150,000) dollars, or so much thereof as is necessary, shall be used for general administration, including salaries, support, maintenance, and miscellaneous purposes.

Not more than one-half of the funds appropriated shall be committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987. Notwithstanding section 8.33, moneys appropriated by this section which are committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987, shall not revert to the general fund of the state.

Not more than one-half of the funds appropriated shall be committed for assistance, training, and management programs for agricultural producers under the program established in House File 626, enacted by the Seventy-second General Assembly, 1987 Session. Notwithstanding section 8.33, the moneys appropriated for assistance, training, and management programs for agricultural producers under this section which are committed pursuant to agreements under House File 626 and entered into between April 1, 1987 and June 30, 1989 shall not revert to the general fund of the state.

If House File 626 does not become law, the moneys allocated for that program under this section shall be used for grants pursuant to agreements under section 175.35.

Sec. 221. Unless otherwise appropriated or provided by the general assembly, the agencies appropriated funds by this division of the Act are also appropriated their federal grants and federal receipts, for the purposes set forth in those federal grants or receipts.

Sec. 222. Section 15.227, subsection 1, paragraph c, Code 1987, is amended to read as follows:

c. A person participating in the "green thumb program" shall be sixty years of age or older to be eligible for employment. A lower income person shall be preferred for employment. "Lower income" means a person who meets the requirements for "lower income families" described in section 8f, of the United States Housing Act Of 1937, as amended by the Housing and Community Development Act of 1974, Pub. L. No. 93-383, 201a.

Sec. 223. Section 970.49, subsection 7, paragraph c, Code 1987, is amended to read as follows:

c. There is appropriated from the state fish and game protection fund to the department of personnel an actuarially-determined amount determined by the Iowa public employees' retirement system sufficient to pay for the additional benefits to conservation peace officers provided by this section, as a percentage, in paragraph "a" and for the employer portion of the benefits provided in paragraph "b". The amount is in addition to the contribution paid by the employer under section 978.11. The cost of the benefits relating to conservation peace officers within the fish and game division of the department of natural resources shall be paid from the state fish and game protection fund and the cost of the benefits relating to the other conservation peace officers of the department shall be paid from the general fund.

Sec. 224. Chapter 109, Code 1987, is amended by adding the following new section:

NEW SECTION. 109.10A FARMER ADVISORY COMMITTEE.

The director shall establish a farmer advisory committee for the purpose of providing information to the department regarding crop and tree damage caused by deer, wild turkey, and other predators. The committee shall serve without compensation or reimbursement for expenses.

Sec. 225. Section 173.1, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

173.1 STATE FAIR AUTHORITY.

The Iowa state fair authority is established as a public instrumentality of the state. The authority is not an agency of state government. However, the authority is considered a state agency and its employees state employees for the purposes of chapter 17A, the merit system provisions of chapter 19A, and chapters 20, 25A, 91B, 97B, and 509A. The authority is established to conduct an annual state fair and exposition on the Iowa state fairgrounds and to conduct other interim events consistent with its rules. The powers of the authority are vested in the Iowa state fair board. The Iowa state fair board consists of the following:

1. The governor of the state, the secretary of agriculture, and the president of the Iowa State University of science and technology or their qualified representatives.
2. One director from each congressional district and three directors at large. to be elected at a convention as provided in section 173.2.
3. A president and vice president to be elected by the state fair board from the nine elected directors.
4. A secretary and a treasurer to be elected by the board, and who shall be nonvoting members.

Sec. 226. Section 173.9, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

173.9 SECRETARY.

The board shall appoint a secretary who shall hold office for one year. The secretary shall:

1. Administer the policies set by the board.
2. Employ other employees and agents as the secretary deems necessary for carrying out the policies of the board and to conduct the affairs of the state fair. The secretary may fix the duties and compensation of any employees or agents with the approval of the board.
3. Keep a complete record of the annual convention and of all meetings of the board.
4. Draw all warrants on the treasurer of the board and keep a correct account of them.
5. Perform other duties as the board directs.

Sec. 227. Section 173.10, Code 1987, is amended to read as follows:

173.10 SALARY OF SECRETARY.

The secretary shall receive sash the salary as fixed by the **general-assembly board**.

Sec. 228. Section 173.14, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

173.14 FUNCTIONS OF THE BOARD.

The state fair board has the custody and control of the state fairgrounds, including the buildings and equipment on it belonging to the state, and may:

1. Hold an annual fair and exposition on those grounds. All revenue generated by the fair and any interim uses shall be retained solely by the board.
2. Prepare premium lists and establish rules of exhibitors for the fair which shall be published by the board not later than sixty days prior to the opening of the fair.
3. Grant a written permit to persons as it deems proper to sell fruit, provisions, and other lawful articles under rules the board prescribes.
4. Appoint security personnel as the president deems necessary.

5. Take and hold property by gift, devise, or bequest for fair purposes. The president, secretary, and treasurer of the board shall have custody and control of the property, subject to the action of the board. Those officers shall give bonds as required in the case of executors, to be approved by the board and filed with the secretary of state.

6. Erect and repair buildings on the grounds and make other necessary improvements.

7. Grant written permission to persons to use the fair-grounds when the fair is not in progress.

a. Take, acquire, hold, and dispose of property by deed, gift, devise, bequest, lease, or eminent domain. The title to real estate acquired under this subsection and improvements erected on the real estate shall be taken and held in the name of the state of Iowa and shall be under the custody and control of the board. In the exercise of the power of eminent domain the board shall proceed in the manner provided in chapters 471 and 472.

9. Solicit and accept contributions from private sources for the purpose of financing and supporting the fair.

10. Make an agreement with the Iowa highway safety patrol to provide for security during the annual fair and exposition and interim events.

Sec. 229. NEW SECTION. 173.14A GENERAL CORPORATE POWERS OF THE AUTHORITY.

The authority has all of the general corporate powers needed to carry out its purposes and duties, and to exercise its specific powers including, but not limited to, the power to:

1. Issue its negotiable bonds and notes as provided in this chapter.

2. Sue and be sued in its own name.

3. Have and alter a corporate seal.

4. Make and alter bylaws for its management consistent with this chapter.

5. Make and execute agreements, contracts, and other instruments, with any public or private entity.

6. Accept appropriations, gifts, grants, loans, or other aid from public or private entities.

7. Make, alter, and repeal rules consistent with this chapter, subject to chapter 17A.

Sec. 230. NEW SECTION. 173.14B BONDS AND NOTES.

1. The board may issue and sell negotiable revenue bonds of the authority in denominations and amounts as the board deems for the best interests of the fair, for any of the following purposes after authorization by a constitutional majority of each house of the general assembly and approval by the governor:

a. To acquire real estate to be devoted to uses for the fair.

b. To pay any expenses or costs incidental to a building or repair project.

c. To provide sufficient funds for the advancement of any of its corporate purposes.

2. The board may issue negotiable bonds and notes of the authority in principal amounts which are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes, and all other expenditures of the board incident to and necessary or convenient to carry out its purposes and powers, subject to authorization and approval required under subsection 1. However, the total principal amount of bonds and notes outstanding at any time shall not exceed one hundred fifty million dollars. The bonds and notes are deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code.

3. Bonds and notes are payable solely out of the moneys, assets, or revenues of the authority and as provided in the agreement with bondholders or noteholders pledging any

particular moneys, assets, or revenues. Bonds or notes are not an obligation of this state or its political subdivisions other than the authority within the meaning of any constitutional or statutory debt limitations, but are special obligations of the authority payable solely from sources provided in this chapter, and the authority shall not pledge the credit or taxing power of this state or its political subdivisions other than the authority or make its debts payable out of any moneys except those of the authority.

4. Bonds shall:

a. State the date and series of the issue, be consecutively numbered, and state on their face that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or its political subdivisions other than the authority within the meaning of any constitutional or statutory debt limit.

b. Be either registered, registered as to principal only, or in coupon form, issued in denominations as the board prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the authority with the manual or facsimile signature of the president or vice president, attested by the manual or facsimile signature of the secretary, have impressed or imprinted on it the seal of the authority or facsimile of it, and coupons attached shall be signed with the facsimile signature of the president or vice president, be payable as to interest at rates and at times as the authority determines, be payable as to principal at times over a period not to exceed fifty years from the date of issuance, at places and with reserved rights of prior redemption, as the board prescribes, be sold at prices, at public or private sale, and in a manner as the board prescribes, and the board may pay all expenses, premiums, and commissions which it deems necessary or advantageous in connection with the issuance and sale; and be issued subject to the terms, conditions, and covenant providing for the

payment of the principal, redemption premiums, if any, interest, and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with this chapter, as are found to be necessary by the board for the most advantageous sale, which may include, but are not limited to, covenants with the holders of the bonds as to those matters set forth in section 220.26, subsection 4, paragraph "b".

5. The board may issue bonds of the authority for the purpose of refunding any bonds or notes of the authority then outstanding, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of the bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with this chapter. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding bonds shall be issued and secured and subject to this chapter in the same manner and to the same extent as other bonds.

6. The board may issue negotiable bond anticipation notes of the authority and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes are payable from any available moneys of the authority not otherwise pledged or from the proceeds of the sale of bonds in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the authority.

Notes shall be issued in the same manner as bonds and notes and the resolution of the board may contain any provisions, conditions, or limitations, not inconsistent with this subsection, which the bonds or a bond resolution of the board may contain. Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the authority to the noteholders, the noteholders have all the remedies provided in this chapter for bondholders. Notes shall be as fully negotiable as bonds of the authority.

7. A copy of each pledge agreement by or to the authority, including without limitation each bond resolution, indenture of trust, or similar agreement, or any revisions or supplements to it shall be filed with the secretary of state and no further filing or other action under article 9 of the uniform commercial code or any other law of the state is required to perfect the security interest in the collateral or any additions to it or substitutions for it, and the lien and trust so created is binding from and after the time it is made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

8. Members of the board and any person executing the authority's bonds, notes, or other obligations are not liable personally on the bonds, notes, or other obligations or subject to personal liability or accountability by reason of the issuance of the authority's bonds or notes.

9. The board shall publish a notice of intention to issue bonds or notes in a newspaper published and of general circulation in the state. The notice shall include a statement of the maximum amount of bonds or notes proposed to be issued, and in general, what net revenues will be pledged to pay the bonds or notes and interest on them. An action shall not be brought questioning the legality of the bonds or notes, the power of the board to issue the bonds or notes, or the legality of any proceedings in connection with the authorization of issuance of the bonds or notes after sixty days from the date of publication of the notice.

Sec. 231. Section 173.16, Code 1987, is amended to read as follows:

173.16 MAINTENANCE OF STATE FAIR.

All expenses incurred in maintaining the state fairgrounds and in conducting the annual fair thereon on it, including the compensation and expenses of the officers, members, and employees of the board, shall be recorded by the secretary and paid from the state fair receipts, unless a specific appropriation has been provided for such that purpose. ~~An individual member of the state fair board shall not be personally liable because of any act performed or debt created by action of the board in carrying out the purposes and provisions of this chapter.~~ The board may request special capital improvement appropriations from the state and may request emergency funding from the executive council for natural disasters. The board may request that the department of transportation provide maintenance in accordance with section 307A.2, subsection 11.

Sec. 232. Section 173.21, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The state fair board shall file with the governor each year at the time provided by law by February 15 a report to the governor containing the following information relative to the state fair and exposition and the district and county fairs:

Sec. 233. NEW SECTION. 173.23 LIEN ON PROPERTY.

The board has a prior lien upon the property of any concessionaire, exhibitor, or person, immediately upon the property being brought onto the grounds, to secure existing or future indebtedness.

Sec. 234. NEW SECTION. 173.24 EXEMPTION OF STATE FAIR BY THE STATE'S PURCHASING PROCEDURES.

The state fair is exempt from the state system of uniform purchasing procedures. However, the board may contract with the department of general services to purchase any items through the state system. The board shall adopt its own system of uniform standards and specifications for purchasing.

Sec. 235. STATE FAIR BOARD -- BONDS AND NOTES. The Iowa state fair board shall conduct a study and file its recommendations with the general assembly by January 15, 1988. The study shall examine whether the cultural and exposition objectives of the state fair would, in the long term, be better served by a relocation of the state fairgrounds and by the development of more multipurpose buildings on a new or the present fairgrounds.

Only fifteen million dollars of the bonds and notes authorized by section 173.148, as enacted in this Act, may be issued before and by January 15, 1988.

DIVISION III
ECONOMIC DEVELOPMENT

Sec. 301. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For salaries and support for not more than thirty-five point zero eight full-time equivalent positions, maintenance, and other operational purposes	\$ 1,691,788

As a condition of the appropriation made in this subsection, the department shall enter into a 28E agreement with the state board of regents for purposes of insuring, to the greatest extent possible, that research conducted at institutions under the control of the state board of regents may be developed and marketed by Iowa businesses.

The department and the cooperative extension service in agriculture and home economics of the Iowa State University of science and technology shall enter into an agreement under chapter 28E that provides a procedure for coordinating the

economic development activities of the department with the economic development activities of the cooperative extension service in agriculture and home economics of the Iowa State University of science and technology.

2. For domestic marketing programs, including salaries and support for not more than eight point six full-time equivalent positions

\$ 665,900

3. For small business programs, including salaries and support for not more than six full-time equivalent positions

\$ 319,533

The department shall develop and administer a small business information center with a portion of the funds appropriated by this subsection.

4. For community progress programs, including salaries, and support for not more than nine point five full-time equivalent positions

\$ 411,054

5. For tourism and promotion programs, including salaries and support for not more than sixteen point four full-time equivalent positions

\$ 1,490,000

Of the funds appropriated by this subsection, fifty thousand (50,000) dollars, or so much thereof as is necessary, may be used to purchase or support the Grant Wood gothic house in Eldon, Iowa. The department shall cooperate with the historical division of the department of cultural affairs to acquire and maintain the Grant Wood gothic house and to promote the property as a tourist attraction. Of the funds allocated for the purchase of the house, unexpended funds shall be credited to the Grant Wood gothic house trust fund

which is created in the office of the treasurer of state. The moneys in this fund shall be administered by the historical division of the department of cultural affairs and shall be used to provide for the maintenance of the house and to receive local public and private contributions for the promotion and maintenance of the house as a tourist site.

As a condition of funds appropriated under this subsection, fifteen thousand (15,000) dollars, or so much thereof as is necessary, shall be used for the construction of a storage and multi-use facility in Stone City, Iowa for the storage of replicas of Grant Wood ice wagons in which artists lived in Stone City, Iowa. The funds available under this unnumbered paragraph shall be matched on a dollar-for-dollar basis with moneys or in-kind contributions from other sources.

As a condition of funds appropriated under this subsection, twenty-five thousand (25,000) dollars, or so much thereof as is necessary, shall be used for providing a permanent Grant Wood information center and art gallery in Anamosa, Iowa. The funds available under this unnumbered paragraph shall be matched on a dollar-for-dollar basis with moneys or in-kind contributions from other sources.

As a condition of funds appropriated under this subsection, one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, shall be used by the historical division of the department of cultural affairs to acquire by negotiated sale part of the land encompassing the Blood Run national historic landmark in Lyon county, Iowa.

As a condition of funds appropriated by this subsection, one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be used by the department of economic development for professional preparation of a statewide tourism development, marketing, and information delivery plan covering needs and opportunities for the period 1988 through 1992 and for implementation of the initial phases of the plan.

As a condition of funds appropriated by this subsection, seventy-five thousand (75,000) dollars, or so much thereof as

is necessary, shall be used for state aid, distributed equally to three tourism regions for planning and operations of regional and local tourism development programs.

6. For advertising and marketing \$ 89,563

7. For operation and maintenance of an Asian trade office, including salaries and support for not more than two full-time equivalent positions \$ 291,000

8. Community development block grant administration and related federal housing and urban development grant administration
For salaries and support for not more than fourteen full-time equivalent positions, maintenance, and miscellaneous purposes \$ 54,285

9. Job training partnership Act: dislocated workers
For salaries and support for not more than twenty-eight point seven full-time equivalent positions, maintenance, and miscellaneous purposes \$ 960,151

10. Mississippi river parkway commission
For support, maintenance, and miscellaneous purposes \$ 14,550

11. Youth services administration
For salaries and support for not more than two full-time equivalent positions, maintenance, and miscellaneous purposes to develop and administer employment opportunities for youth \$ 76,516

In expending the funds appropriated by this subsection, the department of economic development shall consider the level of training and education in the areas of work skills, job retention, job searching, and work ethics in evaluating

requests or proposals for funds to be used for local youth corps projects or programs.

12. Iowa conservation corps

For program purposes \$ 291,000

13. For additional and supplemental funding for the child care services programs including employer sponsored child day care services and child day care services for ill children, and the displaced homemakers program, including salaries and support for not more than zero point eight full-time equivalent positions \$ 728,000

14. The division of financial assistance of the department of economic development shall maintain a list of all state programs, grants, and other assistance available to the political subdivisions of the state. The division shall work with other state agencies in developing the list, including but not limited to, the department of management, the department of natural resources, the Iowa department of public health, and the department of human services.

15. It is the intent of the general assembly that the department of economic development, in its operation of the agricultural marketing program, shall conform its activities to the mission, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the economic development appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The department exists for the purpose of enhancing economic development in the state and to provide for job creation and increased prosperity and opportunities for the citizens of the

state by providing direct financial and technical assistance and training to businesses and individuals and by coordinating other state, local, and federal economic development programs.

The department shall operate an agricultural marketing program designed to lead to more advantageous marketing of Iowa agricultural products to accomplish the following objectives:

a. Investigate the subject of marketing agricultural products and recommend efficient and economical methods of marketing.

b. Promote the sales, distribution, and merchandising of agricultural products to be indicated by the number of trade or sales leads originated through the agricultural marketing programs, by the number of Iowa companies represented at trade shows, and by the number of out-of-state buyers contacted through trade shows and other promotional events.

c. Furnish information and assistance to the public concerning the marketing of agricultural products to be indicated by the number of Iowa companies that receive counseling or assistance.

d. Cooperate with the college of agriculture of Iowa State University of science and technology in farm marketing education and research and avoid unnecessary duplications to be indicated by the number of meetings with the university staff to discuss marketing research and education and number and type of recommendations generated from these meetings.

e. Gather and diffuse useful information concerning all phases of the marketing of Iowa farm products in cooperation with other public and private agencies.

f. Ascertain sources of supply of Iowa agricultural products and prepare and publish from time to time lists of names and addresses of producers and consignors and furnish lists to persons applying for them to be indicated by the number of potential out-of-state buyers that receive the list of Iowa suppliers.

g. Aid in the promotion and development of the agricultural processing industry in the state to be indicated by the number of trade or sales leads originated through the agricultural marketing programs, the number of Iowa companies represented at trade shows, the number of out-of-state buyers contacted through trade shows and other promotional events, and the number of Iowa companies meeting with out-of-state buyers brought to Iowa as part of the agricultural marketing programs.

Sec. 302. State departments or agencies handling or in charge of the community economic betterment account of the Iowa plan fund, the RISE fund, the jobs training programs under chapters 76, 2806, and 280C, and other funds or programs for providing assistance to business in furtherance of economic development shall not provide assistance from those funds or under those programs until the department or agency has studied the effect of such assistance on the competitiveness of the business compared with existing businesses and the potential for the displacement of jobs from other businesses in the state.

In determining which businesses are to receive the assistance from these funds or programs, consideration should be given to the quality of jobs to be provided. Jobs that have a higher wage scale, have a lower turnover rate, are full-time, or are career-type positions are considered higher in quality. When the assistance is in the form of grants, businesses that have wage scales substantially below that of existing Iowa businesses should be rated as providing the lowest quality of jobs and should therefore be given the lowest ranking for providing such assistance.

Sec. 303. 1986 Iowa Acts, chapter 1246, section 1, subsection 4, is amended to read as follows:

A. For establishment and maintenance of an ambassador's program..... \$ 1,000,000

The funds appropriated by this subsection shall be matched on a dollar for dollar basis with capital provided by private sources and be expended to attract private capital to be used by the department to develop a comprehensive national and international marketing program. These funds shall be utilized to implement a statewide initiative that includes, but is not limited to, the development of a trade network, national and international marketing research, business recruitment, utilization of national advertising features, a toll-free number, billboards, displays in key business locations, a direct marketing program, a "trade and marketing institute", and an "invest in Iowa" program. The department shall secure the necessary private participation from groups and organizations most appropriate for any particular function. In-kind expenditures from the private sector may be considered as a portion of the dollar for dollar match. The department shall give attention to using a portion of these funds to contract and coordinate with international programs at Iowa colleges and universities to develop a network of trade contacts overseas through the use of alumni from Iowa colleges and universities.

Notwithstanding section 8.33, funds appropriated under this subsection for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall not revert to the general fund of the state but shall remain available for expenditure in the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 304. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of two hundred eighty-five thousand (285,000) dollars, or so much thereof as may be necessary, to be used for tourism and marketing purposes.

Notwithstanding section 8.33, moneys which remain unobligated or unencumbered for the purposes provided in this section on June 30, 1987 shall remain available for expenditure by the department of economic development during

the fiscal year beginning July 1, 1987 for the purposes specified.

Sec. 305. Notwithstanding section 8.33, moneys appropriated pursuant to 1986 Iowa Acts, chapter 1246, section 1, subsection 6, to the department of economic development for the establishment and maintenance of an export finance program for the fiscal year beginning July 1, 1986 and ending June 30, 1987, which remain unexpended or unencumbered shall carry forward to the fiscal year beginning July 1, 1987 and ending June 30, 1988, to be used for the same purpose as originally appropriated.

Sec. 306. Section 15.108, subsection 7, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. i. Organizing and coordinating quarterly meetings of all state agencies which administer programs and activities developed to encourage and assist the development of small businesses in Iowa. The quarterly meetings shall be attended by, but not limited to representatives of the State University of Iowa, representatives of the University of Northern Iowa, representatives from Iowa State University of science and technology concerning programs administered by the small business development centers, representatives from Iowa State University of science and technology concerning programs administered by the cooperative extension service, and representatives from the merged area schools. The department and the respective agency representatives shall meet, discuss, and make recommendations, including but not limited to, the following areas:

- (1) Coordination of existing small business programs to avoid duplication of service delivery.
- (2) Cataloging of all statewide small business programs and the respective locations and names of the service providers.
- (3) Identification of the current and future economic, financial, marketing, and research issues and needs involving small business growth in the state.

(4) Development of coordinated technical and financial assistance programs which maximize accessibility to small businesses.

(5) Evaluation of existing small business programs to identify the effectiveness of the programs.

The department shall submit quarterly reports to the legislative fiscal bureau. Each report shall contain recommendations derived from the quarterly meetings.

Sec. 307. NEW SECTION. 15.110 TARGETED SMALL BUSINESS LOAN AND EQUITY GRANT PROGRAM.

A targeted small business loan and equity grant program is established within the Iowa department of economic development. The director shall adopt rules establishing the standards and procedures for distributing grants, providing loans, buying down the interest on loans, or buying down the principal on loans for newly created small businesses. The total amount of assistance to any one business shall not exceed five thousand dollars. Standards shall give top priority to applicants who establish targeted small businesses in industries or fields for which no targeted small business has been certified pursuant to section 15.108, subsection 7, paragraph "c", subparagraph (4).

Sec. 308. Section 15.241, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department may provide grants of not more than five thousand dollars under the program, if the grants are used to secure additional financing from private sources. The department may provide a service fee to financial institutions for administering loans provided under this section.

Sec. 309. Notwithstanding section 28.120, subsection 6, twenty percent of the loan repayments received by the department of economic development under that section shall be deposited in the revolving loan fund to operate the self-employment loan program as established in section 15.241. Not more than twenty-five percent of the funds may be used to

administer the program, and not less than fifty percent of the grants or loans provided under the program shall go to targeted small businesses as defined in section 15.102. It is the intent of the general assembly that the department of economic development coordinate the activity of the self-employment loan program with the small business development centers, satellite centers, area community colleges, and other technical assistance providers, and with the self-sufficiency programs established in 1987 Iowa Acts, House File 671, under the department of human rights and the department of human services.

Sec. 310. All Federal grants to and the federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants and receipts unless otherwise provided by the general assembly.

DIVISION IV
EDUCATION

Sec. 401. There is appropriated from the general fund of the state to the department of cultural affairs for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For the administration division for salaries and support for not more than eight full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 259,214
2. For the arts division for salaries and support for not more than ten full-time equivalent positions, maintenance, and miscellaneous purposes including funds to match federal grants	\$ 467,586
3. For the historical division for salaries and support for not more than	

forty-eight full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 1,442,685
4. For the library division for salaries and support for not more than forty point five full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 1,054,145
5. For the public broadcasting division for salaries and support for not more than one hundred full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 5,837,775
6. For the Terrace Hill commission for salaries and support for not more than five point twenty-five full-time equivalent positions, maintenance, and miscellaneous purposes for the operation of Terrace Hill and for conducting tours	\$ 151,367
7. For the regional library system for state aid	\$ 1,450,230
8. For the library division for increasing library accessibility, library usage, and the availability of library and media materials	\$ 60,000

From moneys appropriated in this subsection, the library division shall provide grants to regional libraries and area education agencies for the implementation of cooperative programs. In addition, moneys appropriated in this subsection shall be used by the library division to conduct a study of methods to provide that public libraries, regional libraries, libraries administered by the state library division, libraries of institutions of higher education under the state board of regents, libraries and media centers of the area education agencies, and libraries of merged area schools are accessible to the citizens of this state, to provide additional library and media resources, and to increase the

utilization of libraries and media centers as lifelong learning centers. Notwithstanding limitations on the activities of area education agencies under chapter 273, area education agencies may cooperate with regional libraries for the purposes of implementation of cooperative programs funded under this section. Reimbursement to area education agencies shall be only for marginal costs incurred.

Sec. 402. There is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, to be used for the funding of the following programs for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. COLLEGE AID COMMISSION	
For salaries and support for not more than five point two full-time Equivalent positions, maintenance, and miscellaneous purposes	\$ 264,309
2. OCCUPATIONAL THERAPIST MAN PROGRAM	
For the occupational therapist loan program under section 261.46	\$ 30,000

Sec. 403. There is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of seven hundred twenty-five thousand four hundred ten (725,410) dollars, or so much thereof as may be necessary, to be paid to the college of osteopathic medicine and surgery for the subvention program created pursuant to sections 261.18 and 261.19. Notwithstanding section 261.19, for the fiscal year beginning July 1, 1987, the subvention shall be used for the admission and education of students enrolled in each of the

four years of classes in the college of osteopathic medicine and surgery.

Sec. 404. There is appropriated from the guaranteed student loan reserve fund to the college aid commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, to be used for the funding of the following programs for the guaranteed student loan program:

1. OPERATING COSTS	
For operating costs	\$ 2,126,304
2. LOAN CONSOLIDATION SERVICES	
For loan consolidation services	\$ 375,000

Sec. 405. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the department of education the following amounts, or so much thereof as may be necessary, to be used in the manner designated:

	1987-1988
	<u>Fiscal Year</u>
1. GENERAL ADMINISTRATION	
For salaries and support for not more than one hundred twenty-one full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 5,150,708

It is the intent of the general assembly that the department of education expend, from funds appropriated in this subsection, at least two hundred fifty thousand (250,000) dollars for the administration of the educational excellence program established by law, four hundred thousand (400,000) dollars to be used by the department to provide technical assistance and monetary grants to school districts for developing elementary and secondary school foreign language programs, and one hundred thousand (100,000) dollars to be used to contract with institutions of higher education to provide a summer residence program for gifted and talented

elementary and secondary school students. Of the moneys appropriated for the summer residence program under this subsection, an amount not exceeding twenty-five thousand (25,000) dollars shall be used to support existing law-related education centers for training seminars and workshops in law-related education, summer institutes relating to law-related education methodology and substance, and mock trial competitions for junior and senior high school students.

As a condition of the appropriation made in this subsection, the department of education shall expend at least one hundred fifty thousand (150,000) dollars of the moneys appropriated in this subsection to increase the salaries of individuals employed by the department in consultant positions in order to bring their compensation up to a level that is more competitive with compensation received by individuals employed in other professional positions that have comparable educational requirements.

It is the intent of the general assembly that the department provide assistance to area education agencies and school districts in administering programs for autistic children.

2. VOCATIONAL EDUCATION ADMINISTRATION

For salaries and support for not more than forty-two full-time equivalent positions, maintenance, and miscellaneous purposes \$ 891,399

It is the intent of the general assembly that an amount up to forty thousand (40,000) dollars, or so much thereof as is necessary, be used for salaries and support for two additional full-time equivalent consultant positions to assist in the implementation and improvement of secondary school vocational agriculture programs.

3. VOCATIONAL EDUCATION AID

For vocational education aid to secondary schools \$ 3,683,061

Funds appropriated by this subsection are to be used for aid to school districts for development and the conduct of both continuing and new vocational programs, services and activities of vocational education through secondary schools, and for aid to existing jointly administered secondary vocational education programs, in accordance with chapter 258 and chapter 280A, and to purchase instructional equipment for vocational and technical courses of instruction in such schools.

4. VOCATIONAL YOUTH ORGANIZATION FUND

To carry out section 258.14\$ 9,252

5. SCHOOL FOOD SERVICE

For the purpose of providing assistance to students enrolled in public school districts and approved nonpublic schools of the state for breakfasts, lunches and minimal equipment programs with the funds being used as state matching funds for federal programs and which shall be disbursed according to federal regulations, including salaries and support for not more than sixteen full-time equivalent positions \$ 3,173,131

6. TEXTBOOKS OF NONPUBLIC SCHOOL PUPILS

To provide funds for costs of providing textbooks to each resident pupil who attends an approved nonpublic school or authorized by section 301.1. Such funding is limited to ten dollars per

pupil and shall not exceed the comparable services offered to resident public school pupils \$ 350,000

7. PROFESSIONAL TEACHING PRACTICES COMMISSION

For the use of the commission to carry out chapter 272A, including salaries and support for not more than one point forty-six full-time equivalent positions \$ 57,591

8. NON-ENGLISH SPEAKING

To provide funding to public schools and for nonpublic school students attending approved nonpublic schools for special instruction for non-English speaking students as provided in section 280.4 \$ 150,000

9. IOWA ACADEMY OF SCIENCE

For support and maintenance \$ 57,494

10. VOCATIONAL REHABILITATION DIVISION

For salaries and support for not more than three hundred eight point five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 2,696,461

11. EDUCATIONAL AID TO AMERICAN INDIANS

For educational aid to American Indians under section 256.30 \$ 100,000

12. MERGED AREA XI

For meeting educational needs of the Carroll service area \$ 250,000

13. MERGED AREA SCHOOLS

For general state financial aid to merged areas as defined in section 280A.2 and for vocational education programs in accordance with chapters 258 and 280A, and to purchase instructional equipment for vocational and technical courses of instruction in such schools, the amount of fifty-two million seven hundred seventy-seven thousand three hundred nine (52,777,309) dollars to be allocated as follows:

- a. Merged Area I \$ 2,436,434
- b. Merged Area II \$ 2,952,226
- c. Merged Area III \$ 2,831,298
- d. Merged Area IV \$ 1,362,535
- e. Merged Area V \$ 3,241,957
- f. Merged Area VI \$ 3,142,360
- g. Merged Area VII \$ 4,214,363
- h. Merged Area IX \$ 4,345,039
- i. Merged Area X \$ 7,057,496
- j. Merged Area XI \$ 6,854,784
- k. Merged Area XII \$ 3,099,604
- l. Merged Area XIII \$ 3,342,548
- m. Merged Area XIV \$ 1,367,270
- n. Merged Area XV \$ 4,018,116
- o. Merged Area XVI \$ 2,511,279

Sec. 406. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1988 and ending June 30, 1989, for general state financial aid to merged areas the amount of twenty-two million six hundred eighteen thousand eight hundred forty-five (22,618,845) dollars, to be accrued as income and used for expenditures incurred by the area schools during the fiscal year beginning July 1, 1987 and ending June 30, 1988, to be allocated to each area school as follows:

- 1. Merged Area I \$ 1,044,186
- 2. Merged Area II \$ 1,265,240
- 3. Merged Area III \$ 1,213,414
- 4. Merged Area IV \$ 583,943
- 5. Merged Area V \$ 1,389,410

6. Merged Area VI	\$ 1,346,726
7. Merged Area VII	\$ 1,806,155
8. Merged Area IX	\$ 1,862,159
9. Merged Area X	\$ 3,024,641
10. Merged Area XI	\$ 2,931,764.
11. Merged Area XII	\$ 1,328,402
12. Merged Area XIII	\$ 1,432,520
13. Merged Area XIV	\$ 585,973
14. Merged Area XV	\$ 1,722,050
15. Merged Area XVI	\$ 1,076,262

Funds appropriated by this section shall be allocated pursuant to this section and paid on or about August 15, 1988.

Sec. 407. General state aid paid to area schools under section 405, subsection 13, of this Act, for expenditures incurred during the fiscal year beginning July 1, 1987 and ending June 30, 1988, shall be paid by the department of revenue and finance in installments due on or about November 15, February 15, and May 15 of that fiscal year. The payment received by area schools on or about August 15, 1988 under section 406 of this Act is an account receivable for the previous fiscal year. The installments shall be as nearly equal as possible as determined by the department of management, taking into consideration the relative budget and cash position of the state resources.

Sec. 408. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, for use for the following designated purposes:

1987-1988
Fiscal Year

1. OFFICE OF STATE BOARD OF REGENTS

a. For salaries and support for not more than eighteen point sixty-three full-time equivalent

positions, maintenance, equipment, and miscellaneous purposes and for the establishment of a consortium consisting of representatives of Iowa State University, the University of Iowa, and the University of Northern Iowa as equal participants to establish and use a process for the exchange and integration of knowledge among the universities in the fields including but not limited to food production, food processing, food preservation, nutrition, medicine, pharmacy, chemical-free water, clean air, and environmental safety. The consortium shall also establish a means for the integration of knowledge across disciplines in each of the universities. In the establishment of the process for integration and exchange of knowledge for these purposes, the consortium shall also develop a process for disseminating this knowledge to the public for personal and business use by Iowans \$ 483,370

As a condition of the appropriation made in this paragraph, the office of the state board of regents shall direct that copies of the student newspapers of each of the three institutions of higher education be transmitted to the chairpersons and ranking members of the education appropriations subcommittees, to the legislative fiscal bureau, and to the department of management.

b. For allocation by the state board of regents to the State University of Iowa, the Iowa State University of science and technology, and the University of Northern Iowa in amounts as may be necessary to reimburse the institutions for deficiencies in their operating funds resulting from the pledging of tuitions, student fees and charges and institutional income to finance the cost of providing academic and administrative buildings and facilities and utility services at the institutions \$ 16,220,946

2. STATE UNIVERSITY OF IOWA

a. General university, including lakeside laboratory
 (1) For salaries and support for not more than four thousand two hundred twenty-one point sixty-eight full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$130,619,205

It is a condition of the appropriation in this subparagraph that from the moneys appropriated, three hundred seventy-eight thousand (378,000) dollars be expended for salary increases for professional and scientific employees of the institution, one hundred forty-five thousand (145,000) dollars be expended for an emergency supplement for graduate students adversely affected by the federal Tax Reform Act of 1986, and one million seven hundred eighty thousand (1,780,000) dollars be expended for educational quality projects approved by the state board of regents. For the purpose of implementing

.....

educational quality projects, the State University of Iowa may exceed the limitation on full-time equivalent positions included in this subparagraph.

(2) Agriculture health and safety service pilot programs \$ 60,000

The state board of regents shall establish an agricultural health and safety service as part of the college of medicine of the University of Iowa. In order to establish the effectiveness of the service, the state board of regents shall undertake an agricultural health and safety service pilot program for two years. The pilot program will consist of a service to be located at the Oakdale campus at the University of Iowa. The pilot program shall provide medical and engineering services to any person engaged in farming, as defined in section 898.4. in cooperation with the Iowa department of public health, the department of agriculture and land stewardship, and the Iowa State University of science and technology.

By January 1, 1989, the dean of the college of medicine of the University of Iowa shall report to the Iowa general assembly, the secretary of agriculture, and the director of public health on the effectiveness of the service and shall make recommendations regarding continuation, termination, or expansion of the agricultural health and safety service program. Moneys appropriated in this subparagraph shall be used to establish the pilot program.

b. University hospitals

(1) For salaries and support for not more than four thousand seven hundred eighteen point eighty-three full-time equivalent positions, maintenance, equipment, and miscellaneous purposes; for medical and surgical treatment of indigent patients as provided in chapter 255 \$ 25,529,058

(2) For allocation by the

dean of the college of medicine,
 with approval of the advisory
 board, to qualified participants,
 to carry out chapter 148C for
 the family practice program,
 including salaries and support
 for not more than one hundred
 seventy-six point eighty-four
 full-time equivalent positions \$ 1,449,437

(3) For specialized child
 health care services, includ-
 ing childhood cancer diagnos-
 tic and treatment network pro-
 grams; rural comprehensive
 care for hemophilia patients;
 and Iowa high risk infant fol-
 low-up program, including salaries
 and support for not more than
 twelve point thirty-nine full-
 time equivalent positions \$ 316,038

c. As a condition of the appropriation made in paragraph
 "b", subparagraph (1), the county quotas for indigent patients
 for the fiscal year commencing July 1, 1987 shall not be lower
 than the county quotas for the fiscal year commencing July 1,
 1986. Before a patient is eligible for the indigent patient
 program, the county general relief director shall first
 ascertain from the local office of human services if the
 applicant would qualify for medical assistance or the
 medically needy program without the spend-down provision under
 chapter 249A. If the applicant qualifies, then the patient
 shall be certified for medical assistance and shall not be
 counted under chapter 255. It is the intent of the general
 assembly that university hospitals shall not perform heart,
 liver, pancreas, artificial heart, or heart/lung
 transplantations on indigent patients referred under chapter
 255 unless the patient meets criteria developed by the

national heart, lung and blood institute's special advisory
 group for heart recipients, or the 1983 national institute of
 health's consensus conference on liver transplants for liver
 recipients, or unless the patient meets nationally recognized
 criteria for pancreas transplantations. The total amount of
 state funds expended for heart, liver, pancreas, artificial
 heart, or heart/lung transplantations shall not exceed nine-
 tenths of one percent of the total state indigent funds
 received by the university hospitals for the fiscal year
 beginning July 1, 1987 and ending June 30, 1988.

d. As a condition of the appropriation made in paragraph
 "b", subparagraph (1), funds appropriated in that subparagraph
 shall not be allocated to the university hospitals until the
 superintendent has filed with the department of management and
 the legislative fiscal bureau a quarterly report containing
 the account required in section 255.24. The report shall
 include the information required in section 255.24 for
 patients by the type of service provided.

e. As a condition of the appropriation made in paragraph
 "b", funds appropriated in this section shall not be used to
 perform abortions except medically necessary abortions, and
 shall not be used to operate the early termination of
 pregnancy clinic 'except for the performance of medically
 necessary abortions. For the purpose of this paragraph, an
 abortion is the purposeful interruption of pregnancy with the
 intention other than to produce a live-born infant or to
 remove a dead fetus, and a medically necessary abortion is one
 performed under one of the following conditions:

(1) The attending physician certifies that continuing the
 pregnancy would endanger the life of the pregnant woman.

(2) The attending physician certifies that the fetus is
 physically deformed, mentally deficient, or afflicted with a
 congenital illness.

(3) The pregnancy is the result of a rape which is
 reported within forty-five days of the incident to a law
 enforcement agency or public or private health agency which
 may include a family physician.

(4) The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

(5) The abortion is a spontaneous abortion, commonly known, as a miscarriage, wherein not all of the products of conception are expelled.

f. Psychiatric hospital

For salaries and support for not more than two hundred eighty-seven point twenty-six full-time equivalent positions, maintenance, equipment, and miscellaneous purposes and for the care, treatment and maintenance of committed and voluntary public patients \$ 5,770,862

g. State hygienic laboratory

For salaries and support for not more than one hundred ten point zero four full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$ 2,375,932

h. Hospital school

For salaries and support for not more than one hundred eighty-five point seventy-three full-time equivalent positions, maintenance, equipment, and miscellaneous purposes 5 4,317,764

i. Oakdale campus

For salaries and support for not more than eighty-two full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$ 2,422,797

3. IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY

a. General university

For salaries and support for not more than three thousand seven hundred seventy-five full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$107,873,792

It is a condition of the appropriation in this subparagraph that from the moneys appropriated, two hundred fifty-nine thousand (259,000) dollars be expended for salary increases for professional and scientific employees of the institution, eighty-five thousand (85,000) dollars be expended for an emergency supplement for graduate students adversely affected by the federal Tax Reform Act of 1986, and one million seven hundred eighty thousand (1,780,000) dollars be expended for educational quality projects approved by the state board of regents for the general university, agricultural experiment station or the cooperative extension service in agriculture and home economics. For the purpose of implementing educational quality projects, Iowa State University may exceed the limitation on full-time equivalent positions included in this paragraph.

b. Agricultural experiment station

For salaries and support for not more than four hundred thirteen point five full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$ 12,111,042

c. Cooperative extension service in agriculture and home economics

For salaries and support for not more than four hundred ninety-

six point ninety-eight full-time equivalent positions, maintenance, and miscellaneous purposes \$ 12,253,345

d. For continuation of the rural concern hotline, including salaries and support for not more than four point five full-time equivalent positions \$ 90,000

e. Fire service education, including salaries and support for not more than eleven full-time equivalent positions \$ 389,846

f. Iowa state water resources research, institute

For research approved by the panel created in 1984 Iowa Acts, chapter 1303, section 20, including salaries, and support for not more than two full-time equivalent positions \$ 100,000

4. UNIVERSITY OF NORTHERN

IOWA

For salaries and support for not more than one thousand three hundred kwenty-four full-time equivalent positions, maintenance, equipment, and miscellaneous purposes \$ 42,418,679

For the purpose of implementing educational quality projects, the University of Northern Iowa may exceed the limitation on full-time equivalent positions included in this subsection, B.G.A.

As a further condition of the appropriation made in this subsection, the state board of regents shall ensure that studrncs at each institution of higher education shall not be discriminated against in having access to a year-round on-campus self-supporting student operated book exchange,

5. STATE SCHOOL FOR THE DEAF

For salaries and support for not more than one hundred thirty-five point three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 4,669,620

6. IOWA BRAILLE AND SIGHT-

SAVING SCHOOL

For salaries and support for not more than ninety-five point thirty-three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 2,632,055

7. The provisions of section 8.33, unnumbered paragraph 2, shall not apply to the funds appropriated in this section. No later than September 15, 1988, the state board of regents shall submit to the department of management and the legislative fiscal bureau a list of all obligations of appropriations made for the fiscal year beginning July 1, 1987 which have been incurred for goods and services that have not been received or rendered as of September 1, 1988.

Does Apply TO Funds Received Outside

See. 409. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of two million (2,000,000) dollars, or so much thereof as is necessary, to be used by Iowa State University of science and technology for research for amorphous silicon. As a condition of this appropriation, Iowa State University of science and technology shall negotiate for the first production facility or pilot plant to be located in Iowa resulting from the research and an equitable arrangement for the sharing of the rights to copyrights, patents, licenses or other intellectual property.

Notwithstanding section 8.33, moneys appropriated in this section which remain unobligated and unencumbered on June 30, 1987 shall remain available to Iowa State University for the

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purposes specified during the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 410. Of the appropriations made from the jobs now account of the Iowa plan fund, under section 99E.32, subsection 3, paragraph "c", to the department of cultural affairs for the fiscal year beginning July 1, 1987, fifty thousand dollars shall be provided as a grant to greater Des Moines grand prix, inc. for the 1988 greater Des Moines metropolitan grand prix auto race. If the grand prix auto race is not held in Des Moines during the 1988 calendar year, all moneys provided under this section for the grand prix shall revert to the Iowa plan fund.

Sec. 411. 1986 Iowa Acts, chapter 1246, section 111, subsection 7, is amended to read as follows:

7. There is appropriated from the general fund of the state to a special account in the state treasury to be known as the obstetrical patient care fund, for the fiscal year beginning July 1, 1986, and ending June 30, 1987, one million one hundred thousand (1,100,000) dollars, or so much thereof as is necessary, for the development and operation, commencing October 1, 1986, of a statewide obstetrical patient care program as provided in this section. The department of public health shall be the administrator of the fund.

If moneys appropriated to the obstetrical patient care fund by this section remain unobligated and unencumbered on June 30, 1987, the moneys shall not revert to the general fund of the state but shall be transferred to the indigent patient care fund established pursuant to chapter 255 but shall be available for expenditure by the Iowa department of public health for the purposes specified in this section during the fiscal year beginning July 1, 1987. Of the funds available under this section during the fiscal year beginning July 1, 1987 and ending June 30, 1988, three hundred thousand dollars shall be used to supplement moneys appropriated to the Iowa department of public health for salaries and support for the family and community health division and seventy-seven

thousand five hundred sixty dollars shall be used to supplement moneys appropriated to the Iowa department of public health for the mobile and regional child health specialty clinics.

Sec. 412. Notwithstanding section 8.33, unobligated or unencumbered funds appropriated in 1986 Iowa Acts, chapter 1246, section 110, subsection 1, paragraph "b", shall not revert to the general fund of the state on June 30, 1987, but shall be available for expenditure for the purposes listed in section 408, subsection 1, paragraph "b", of this Act during the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 413. Notwithstanding the appropriation provided in section 261.53, there is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of fifty thousand (\$50,000) dollars, or so much thereof as is necessary, for science and mathematics loans.

Sec. 414. Notwithstanding section 302.1A, the department of revenue and finance shall transfer the interest earned on the permanent school fund to the first in the nation in education foundation in the manner provided in this section. Prior to July 1, 1987, October 1, 1987, January 1, 1988, and March 1, 1988, the governing board of the first in the nation in education foundation established in section 257A.2 shall certify to the department of management the total amount of the endowment in the first in the nation in education foundation fund. The portion of the permanent school fund that is equal to the total amount of the endowment is dedicated to the first in the nation in education foundation for that quarter. The interest from this dedicated amount shall be transferred to the credit of the first in the nation in education foundation. The remaining portion of the interest earned on the permanent school fund shall become a part of the permanent school fund.

Sec. 415. Notwithstanding the appropriation provided in section 261.25, subsection 3, there is appropriated from the general fund of the state to the college aid commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of six hundred forty-six thousand five hundred eighty-two (646,582) dollars, or so much thereof as is necessary, for vocational-technical grants.

Sec. 416. Notwithstanding the appropriation of moneys for state school foundation aid made in section 442.26, payments to a school district for the fiscal year beginning July 1, 1987 will begin when the school district has met the requirements of 1986 Iowa Acts, chapter 1226, section 15.

Sec. 417. The director of the department of education shall review the number and type of consultant positions that can be funded with moneys appropriated under section 405, subsections 1 and 2, of this Act, and report to the general assembly by January 15, 1988 if additional consultant positions are needed and the costs associated with their employment.

Sec. 418. The department of education shall review the actions of the college aid commission and the council for postsecondary education as they relate to the establishment and operation of the summer institute program established in section 993.31, subsection 4, paragraph "b" and shall recommend to the college aid commission and the council for postsecondary education programs to be funded. A summer institute program shall consist of an intensive immersion of at least eight weeks duration in the subject area of the program. In determining programs to be funded, preference shall be given to programs that will allow teachers to gain endorsements in other subject areas, or to add to their endorsements in subject areas, that the department of education has determined are areas in which a shortage of teachers currently exists or is predicted to occur. From the moneys appropriated for the fiscal year beginning July 1, 1987 and ending June 30, 1988, under section 99E.32. thirty-five thousand (35,000) dollars

shall be expended for a program to assist teachers both as instructors of classes that are offered by means of telecommunications and as monitors of classes offered by means of telecommunications.

Sec. 419. The department of cultural affairs, in cooperation with the department of economic development, shall develop a tourism program that provides for promotion of Iowa cultural, artistic, and humanitarian activities and the locations where these activities take place. A report on the implementation of the program shall be transmitted to the chairpersons and ranking members of the joint education appropriations subcommittee not later than January 1, 1988.

Sec. 420. The state historical society, historical division of the department of cultural affairs, may sell all or a portion of lot 6, in block 45, in Iowa City, Iowa, and the proceeds from the sale are appropriated to the historical division of the department of cultural affairs.

Sec. 421. It is the intent of the general assembly that the seven regional library boards, in performing their respective duties required by law, shall conform their activities to the mission, goals, and objectives and collect information pertaining to performance measures developed by the legislative fiscal bureau. The seven regional library boards shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the education appropriations subcommittee on the performance measures. The seven regional library boards shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The regional library system exists for the purpose of providing supporting services to libraries and to encourage local financial support for library services to accomplish the following objectives:

1. Provide consultation and educational programs for library staff and trustees concerning facets of library

management and operation to be indicated by the number of phone contacts, the number of individual contacts at meetings, the number of libraries visited, the number of visits made, the number of local library, county library, and other meetings attended, the number and type of workshops, continuing education, and special presentations made, and the percentage of work time spent consulting with libraries and trustees on the topics of library administration, public services, technical services, computer automation, facilities, and intellectual freedom.

2. Provide interlibrary loan and information services intraregionally, but which are capable of being linked interregionally, according to the standards developed by the state library commission to be indicated by the total number of intraregional books loaned, the total number of interregional books loaned, the total number of requests, filled and unfilled, the total number of photocopies provided, the total number of audio-visual items loaned, the total number of photocopies received, the total number of bulk loans, and the total number of reference questions received.

3. Require, as a condition to receiving services, that a governmental subdivision assure maintenance of local effort to support the operating expenses of a local library.

4. Require, as a condition for receiving services under section 303B.6, that a governmental subdivision maintain any tax levy for library maintenance purposes that is in effect on July 1, 1973.

Sec. 422. It is the intent of the general assembly that the college aid commission shall study the feasibility of implementing a program that combines the state scholarship program and the supplemental grant program and provides for both need-based and nonneed-based awards. A report of the commission's conclusions and recommendations for the fiscal year beginning July 1, 1988 shall be transmitted to the joint education appropriations subcommittee not later than November 1, 1987.

Sec. 423. If any school district has utilized funds available under section 281.9 for services authorized under section 273.5, that district is eligible to apply to the department of education for an amount not to exceed fifty thousand dollars in order to continue to provide those services for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 424. The legislative fiscal bureau shall study options for providing guaranteed student loan services to eligible borrowers and make recommendations to the education appropriations subcommittee chairpersons and ranking members not later than November 1, 1987.

Sec. 425. Nothing in this Act is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this Act shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

Sec. 426. 1986 Iowa Acts, chapter 1246, section 2, unnumbered paragraph 1, is amended to read as follows:

There is appropriated from the general fund of the state to the department of cultural affairs for the historical division for the fiscal period beginning July 1, 1986 and ending June 30, 1988 the sum of one hundred twenty-five thousand (125,000) dollars, or so much thereof as is necessary, to acquire by negotiated sale part of the land encompassing the Blood Run national historic landmark in Lyon county, Iowa. ~~This appropriation shall be matched by revenue from other sources.~~

Sec. 427. Section 1356.31, Code 1987, is amended to read as follows:

1356.31 EXCEPTIONS.

Nothing in this division is intended or should affect in any way that obligation of public hospitals under chapter 347 or municipal hospitals, as well as the state hospital at Iowa City, to provide medical treatment or obstetrical and newborn care for indigent persons under chapter 255 or 255A, wherein

medical treatment is provided by hospitals of that category to patients of certain entitlement, nor to the operation by the state of mental or other hospitals authorized by law. Nothing herein shall in any way affect or limit the practice of dentistry or the practice of oral surgery by a dentist.

Sec. 428. Section 144.13A, Code 1987, is amended to read as follows:

144.13A REGISTRATION FEE.

The local registrar and state registrar shall charge the parent a ten dollar fee for the registration of a certificate of birth. If the person responsible for the filing of the certificate of birth under section 144.13 is not the parent, the person shall collect the fee from the parent. The fee shall be remitted to the appropriate registrar. If the expenses of the birth are reimbursed under the medical assistance program established by chapter 249A or paid for under the statewide indigent patient care program established by chapter 255, or paid for under the obstetrical and newborn indigent patient care program established by chapter 255A, or if the parent is indigent and unable to pay the expenses of the birth and no other means of payment is available to the parent, the registration fee is waived. If the person responsible for the filing of the certificate is not the parent, the person is discharged from the duty to collect and remit the fee under this section if the person has made a good faith effort to collect the fee from the parent. The fees collected by the local registrar and state registrar shall be remitted to the treasurer of state for deposit in the general fund of the state. It is the intent of the general assembly that the funds generated from the registration fees be appropriated and used for primary and secondary child abuse prevention programs.

Sec. 429. Section 155.37, subsection 1, paragraph b, Code 1987, is amended to read as follows:

b. If the cost of the prescription or any part of it will be paid by expenditure of public funds authorized under

chapter 239, 249, 249A, 252, 253, or 255, or 255A, the pharmacist shall exercise professional judgment by selecting a drug product of the same generic name and demonstrated bioavailability but of a lesser cost than the one prescribed for dispensing and sale to the person unless the physician, dentist, or podiatrist specifically states that only that designated brand or trade name drug product is to be dispensed. However, a pharmacy to which the prescription is presented or communicated is not required to substitute a drug product of the same generic name and demonstrated bioavailability but of lesser cost unless the pharmacy has in stock one or more such drug products.

Sec. 430. NEW SECTION. 234A.1 ADOLESCENT TASK FORCE.

1. A task force on adolescents is established. The task force is composed of the following voting members:

a. The lieutenant governor or the lieutenant governor's designee.

b. One member of the senate appointed by the majority leader of the senate and one member of the senate appointed by the minority leader of the senate.

c. One member of the house of representatives appointed by the speaker of the house and one member of the house of representatives appointed by the minority leader of the house.

d. Four state government employees, appointed by the legislative council, one from each of the following departments: the department of education, the department of human rights, the department of human services, and the Iowa department of public health.

e. Two public members appointed by the governor.

f. Six to twelve public members, with one or two from each of the following seven categories, appointed by the legislative council, with expertise in the area of adolescent pregnancy prevention or the provision of services to pregnant

adolescents or adolescent parents:

- (1) Health care professionals.
- (2) Psychologists or social workers.

- (3) Family planning service workers.
- (4) Appropriate public school professional staff.
- (5) Service providers for adolescents.
- (6) Job training and counseling workers.
- (7) Adolescent parents or adolescent peer counselors.

2. The legislative council shall designate a chairperson or co-chairpersons. The task force shall meet at the call of the chairperson or co-chairpersons or ten task force members. The public members appointed by the legislative council and the governor shall be paid their actual and necessary expenses pursuant to section 2.12. The lieutenant governor shall be reimbursed and compensated as provided in section 2.10, and the legislative members shall be reimbursed and compensated as provided in section 2.44.

3. The task force shall:

- a. Analyze problems confronting adolescents in this state and assess the symptoms of those problems, including but not limited to a review of problems relating to adolescent pregnancy, substance abuse, and suicide prevention.
- b. Investigate and promote the development of viable family units and adolescent self-worth and self-esteem.
- c. Assess the need for adolescent pregnancy prevention and services programs in Iowa.
- d. Inventory existing programs and services relating to adolescent pregnancy prevention and services.
- e. Investigate alternative funding sources relating to adolescent pregnancy prevention and services.
- f. Investigate existing and needed maternity care health benefit coverages for pregnant adolescents.
- g. Make legislative recommendations to the legislative council and issue a final report to the general assembly by January 1, 1988 regarding adolescent pregnancy prevention and services.

4. The legislative council shall authorize the legislative service bureau and the legislative fiscal bureau to provide assistance to the task force, and may authorize the use of

funds available to the legislative council to pay the expenses of the task force.

5. As used in this section, "adolescent" means a person under eighteen years of age or a person in attendance at an accredited school pursuing a course of study leading to a high school diploma, or its equivalent.

Sec. 431. PREGNANCY PREVENTION AND SERVICES GRANTS.

The commissioner of human services, the director of the department of education, the director of the department of human rights, and the director of public health, or their designees, shall jointly designate and award, and the department of human services shall administer grants, which may be awarded to public school corporations, adolescent service providers, and nonprofit organizations involved in adolescent issues for two-year pilot projects targeted toward those areas of the state with the highest incidence of adolescent pregnancy, from one or more of the following programmatic areas:

1. Pregnancy prevention programs for adolescents and workshops for parents of adolescents to improve parent-child communications regarding human sexuality.
2. Communications media campaigns to discourage adolescent sexual activity and to encourage the assumption of responsibility by adolescents, both male and female, for their sexual activity and for parenting.
3. Residential facilities for pregnant adolescents and adolescent parents in need of shelter.
4. Early pregnancy detection for adolescents and prenatal services and adoption counseling for pregnant adolescents.
5. Child care and case management services provided to adolescent parents, both male and female, for a predetermined fee under purchase-of-service contracts, which include child care services, instruction in child development and parenting skills, support services for completion of school and for job training and placement, and other personal services.

6. teacher training, including transportation costs and workshop, conference, and course work expenses, designed to improve the teaching of components of the human growth and development curricula in grades kindergarten through twelve. A preference shall be given for the funding of teacher training grant projects which would qualify participating teachers for continuing education unit credits.

7. Pregnancy prevention programs which teach and encourage teen sexual abstinence.

As used in this section, "adolescent" means a person under eighteen years of age or a person in attendance at an accredited school pursuing a course of study leading to a high school diploma, or its equivalent. Pilot projects providing services to an adolescent under eighteen years of age may continue to provide the services beyond the adolescent's eighteenth birthday in accordance with guidelines adopted by the four state administrators authorized to award grants under this section. Pilot projects shall not use funds appropriated from the general fund of this state for the purpose of providing abortion services which are not medically necessary as defined under the medical assistance program administered pursuant to chapter 249A or for the purpose of dispensing or providing birth control items on property owned or controlled by a public school corporation.

Sec. 432. Section 255.16, Code 1987, is amended to read as follows:

255.16 COUNTY QUOTAS.

Subject to subsequent qualifications in this section, there shall be treated at the university hospital during each fiscal year a number of committed indigent patients from each county which shall bear the same relation to the total number of committed indigent patients admitted during the year as the population of such county shall bear to the total population of the state according to the last preceding official census. This standard shall apply to indigent patients, the expenses of whose commitment, transportation, care and treatment shall

be borne by appropriated funds and shall not govern the admission of either obstetrical patients under chapter 255A or obstetrical or orthopedic patients under this chapter in accordance with eligibility standards pursuant to section 255A.5. If the number of patients admitted from any county shall exceed by more than ten percent the county quota as fixed and ascertained under the first sentence of this section, the charges and expenses of the care and treatment of such patients in excess of ten percent of the quota shall be paid from the funds of such county at actual cost: but if the number of excess patients from any county shall not exceed ten percent, all costs, expenses, and charges incurred in their behalf shall be paid from the appropriation for the support of the hospital.

Sec. 433. Section 255.19, unnumbered paragraph 2, Code 1987, is amended to read as follows:

All of the provisions of this chapter except as to commitment of patients shall apply to such patients. The university hospital authorities shall collect from the person or persons liable for the support of such patients reasonable charges for hospital care and service and deposit the same with the treasurer of the university for the use and benefit of the university hospital except as specified for obstetrical patients pursuant to section 255A.9. Earnings of the hospital whether from private patients, cost patients, or indigents shall be administered so as to increase as much as possible, the service available for indigents, including the acquisition, construction, reconstruction, completion, equipment, improvement, repair, and remodeling of medical buildings and facilities and additions thereto and the payment of principal and interest on bonds issued to finance the cost thereof as authorized by the provisions of chapter 263A. The physicians and surgeons on the hospital staff who care for patients provided for in this section may charge for their medical services under such rules, regulations and plan therefor as approved by the state board of regents.

Sec. 434. Section 255.26, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Warrants issued under section 255.25 shall be promptly drawn on the treasurer of state and forwarded by the director of revenue and finance to the treasurer of the state university, and the same shall be by the treasurer of the state university placed to the credit of the funds which are set aside for the support of said hospital. However, warrants shall not be paid unless the UB-82 claim required pursuant to section 255A.13 has been filed with the Iowa health data commission. The superintendent of the said university hospital shall certify to the auditor of state on the first day of January, April, July and October of each year, the amount as herein provided not previously certified by the superintendent due the state from the several counties having patients chargeable thereto, and the auditor of state shall thereupon charge the same to the county so owing. A duplicate certificate shall also be mailed to the auditor of each county having patients chargeable thereto. Expenses for obstetrical patients served under section 255A.9 shall be reimbursed as specified in section 255A.9.

Sec. 435. NEW SECTION. 255A.1 STATE POLICY.

It is the policy of the state to provide obstetrical and newborn care to medically indigent individuals in this state, at the appropriate and necessary level, at a licensed hospital or health care facility closest and most available to the residence of the indigent individual.

Sec. 436. NEW SECTION. 255A.2 OBSTETRICAL AND NEWBORN INDIGENT PATIENT CARE PROGRAM.

A statewide Obstetrical and newborn indigent patient care program is established for the purpose of providing obstetrical and newborn care to medically indigent residents of this state. Appropriations by the general assembly for this chapter shall be allocated for the obstetrical and newborn patient-care fund within the Iowa department of public health and shall be utilized for the obstetrical and newborn

indigent patient care program as specified in this chapter. Indigent patients in need of such care residing in the counties of Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, and Washington shall be provided the care at the university hospitals under the nonquota obstetrical program under chapter 255.

Sec. 437. NEW SECTION. 255A.3 ADMINISTRATION OF PROGRAM.

The Iowa department of public health shall administer the statewide obstetrical and newborn indigent patient care program. The department shall adopt administrative rules to implement the program pursuant to chapter 17A. Administrative costs of the department shall not exceed three percent of the annual funds appropriated for the obstetrical and newborn patient care fund.

Sec. 438. NEW SECTION. 255A.4 PATIENT QUOTA FORMULA.

The Iowa department of public health shall establish a patient quota formula for determining the maximum number of obstetrical and newborn patients eligible for the program from each county. The formula shall be based upon the annual appropriation for the program, the average number of live births in each county during the most recent three-year period for which statistics are available, and the per capita income for each county during the most recent one-year period for which statistics are available. In accordance with this formula the department shall allocate a patient quota to each county at the beginning of each fiscal year. The department shall provide for the reassignment of an unused county quota allotment on April 1 of each year. The reassignment shall be taken only from a county which has an unused quota allotment for the portion of the fiscal year ending March 31. A county may utilize its quota allotment for a patient determined to be eligible before the end of the fiscal year but scheduled to need care after the end of the fiscal year. The reassignment of an unused county allotment shall be made to other counties on the basis of rules adopted by the department pursuant to chapter 17A.

A woman who resides in a county which exceeds the patient quota allocated for the county, and who has been deemed eligible under section 255A.5, shall be served at the University of Iowa hospitals and clinics pursuant to section 255.16.

Sec. 439. NEW SECTION. 255A.5 MINIMUM ELIGIBILITY STANDARDS.

The Iowa department of public health, in collaboration with the department of human services and in consultation with the Iowa state association of counties, shall adopt rules, pursuant to chapter 17A, establishing minimum standards for eligibility for obstetrical and newborn care, including physician examination, medical testing, ambulance services, and inpatient transportation costs, for indigent obstetrical and newborn care provided by the University of Iowa hospitals and clinics and by other licensed hospitals and physicians. The minimum standards for eligibility shall provide eligibility for persons with incomes at or below one hundred fifty percent of the annual revision of the poverty income guidelines published by the United States department of health and human services, and shall provide, but shall not be limited to providing, eligibility for uninsured and underinsured persons financially unable to pay for necessary obstetrical and newborn care and orthopedic care. The minimum standards may include a spend-down provision. The resource standards shall be set at or above the resource standards under the federal supplemental security income program. The resource exclusions allowed under the federal supplemental security income program shall be allowed and shall include resources necessary for self-employment.

Sec. 440. NEW SECTION. 255A.6 APPLICATION AND CERTIFICATION FOR CARE.

A person desiring obstetrical and newborn care, the cost of which is payable from the obstetrical and newborn patient care fund, or the parent or guardian of a minor desiring or in need of such care, may apply to the director of a maternal health

center, operated by the Iowa department of public health, to have the cost of such care paid from the fund. In counties not served by such a center, the department shall contract with another agency, institution or organization to receive and process applications for care. The director of the center shall first ascertain from the local office of the department of human services if the applicant would be eligible for medical assistance or for assistance under the medically needy program without any spend-down requirement, pursuant to chapter 249A. If the applicant is eligible for assistance pursuant to chapter 249A, or if the applicant is eligible for maternal and child health care services covered by a maternal and child health program, the obstetrical patient care program shall not provide such assistance, care, or covered services provided under other programs. The Iowa department of public health, with the department of human services, shall jointly develop a standardized application form and shall coordinate the determination of eligibility for medical assistance and the obstetrical patient care program. In counties in which the maternal and child health clinic processes the application, the clinic shall notify the county relief office of the application process.

Sec. 441. NEW SECTION. 255A.7 FREEDOM OF CHOICE OF PROVIDER.

A person certified for obstetrical and newborn care under this chapter may choose to receive the appropriate level of care at the University of Iowa hospitals and clinics or any other licensed hospital or health care facility.

Sec. 442. NEW SECTION. 255A.8 REIMBURSABLE COSTS OF CAR&

The obstetrical and newborn care costs of a person certified for such care under this chapter at a licensed hospital or health care facility or from licensed physicians shall be paid by the Iowa department of public health from the obstetrical and newborn patient care fund. However, a physician who provides obstetrical or newborn care at the

University of Iowa hospitals and clinics to a person certified for care under this chapter is not entitled to receive any compensation for the provision of such care in accordance with section 255.23.

Sec. 443. NEW SECTION. 255A.9 ALLOWABLE REIMBURSEMENTS. .

All providers of services to obstetrical and newborn patients under this chapter shall agree to accept as full payment the reimbursements allowable under the medical assistance program established pursuant to chapter 249A, adjusted for intensity of care. However, the total reimbursement from the obstetrical and newborn patient care fund to providers of services for residents of a county is limited to that county's obstetrical and newborn patient quota multiplied by the medical assistance program's average reimbursement for obstetrical and newborn care for the most recent fiscal year except as otherwise provided in this section. The Iowa department of public health shall reserve ten percent of the fund annually for payment of the costs of care of a patient certified for care under this chapter in excess of the medical assistance program's average reimbursements if the nature and extent of the care justifies such additional reimbursement. The department shall adopt rules pursuant to chapter 17A, establishing the requirements for such additional reimbursement.

Sec. 444. NEW SECTION. 255A.10 PROCEDURES FOR PAYMENT.

The Iowa department of public health shall establish procedures for payment for providers of services to obstetrical and newborn patients under this chapter from the obstetrical and newborn patient care fund. All billings from such providers shall be submitted directly to the department. However, payment shall not be made unless the application and certification for care pursuant to section 255A.6 is performed.

Sec. 445. NEW SECTION. 255A.11 COUNTY RESPONSIBILITY FOR COSTS OF CARE.

A county shall not be held responsible for the costs of providing obstetrical and newborn care, including physician examination, medical testing, ambulance services, and transportation costs, to pregnant women and their newborn infants who meet the eligibility requirements adopted by the Iowa department of public health.

Sec. 446. NEW SECTION. 255A.12 REVERSION OR TRANSFER OF MONEYS IN THE OBSTETRICAL AND NEWBORN PATIENT CARE FUND.

Moneys encumbered prior to June 30 of a fiscal year for a certified eligible pregnant woman scheduled to deliver in the next fiscal year shall not revert from the obstetrical and newborn patient care fund to the general fund of the state. Moneys allocated to the obstetrical and newborn patient care fund shall not be transferred nor voluntarily reverted from the fund within a given fiscal year.

Sec. 447. NEW SECTION. 255A.13 DATA COLLECTION.

Beginning July 1, 1987, the University of Iowa hospitals and clinics shall submit, on a quarterly basis, UB-82 claims for all patients discharged after being served under the indigent patient program under chapter 255. The UB-82 claim shall include all data elements which are required by the Iowa health data commission.

Sec. 448. NEW SECTION. 279.50 HUMAN GROWTH AND DEVELOPMENT INSTRUCTION.

1. Each board of directors of a public school corporation shall appoint an advisory committee composed of at least one person from each of the following groups: parents, teachers, school administrators, school board directors, pupils, health care professionals, members of the clergy, and other residents of the school district. The advisory committee shall study the provision of instruction to pupils in grades kindergarten through twelve appropriate to the pupils' grade level, age, and level of maturity, in topics related to human growth and development in order to promote accurate and comprehensive knowledge in this area, to foster responsible decision making, based on cause and effect, and to support and enhance the ef-

forts of parents to provide moral guidance to their children. The advisory committee in its study shall address and make recommendations on the inclusion or exclusion of each of the following topics of instruction:

- a. Self-esteem, responsible decision making, and personal responsibility and goal setting.
- b. Interpersonal relationships.
- c. Discouragement of adolescent sexual activity.
- d. Family life and parenting skills.
- e. Human sexuality, reproduction, contraception and family planning, prenatal development, childbirth, adoption, available prenatal and postnatal support, and male and female responsibility.
- f. Sex stereotypes.
- g. Protective behaviors to prevent sexual abuse or sexual harassment.

h. Sexually transmitted diseases, including acquired immune deficiency syndrome, and their causes and prevention.

2. The advisory committee shall make its recommendations regarding the implementation of human growth and development instruction for pupils in the school district, including the inclusion or exclusion of the instructional topics in subsection 1, paragraphs "a" through "h", to the school board at least every three years and shall file a written report with the state department of education indicating the date and contents of the advisory committee's recommendations to the school board.

3. The school board may designate the advisory committee appointed pursuant to section 280.12, subsection 2, as the advisory committee to perform the duties required by this section provided the advisory committee appointed under section 280.12, subsection 2 meets the advisory committee composition requirements in subsection 1.

4. Each school board shall provide an instructional program in human growth and development in grades kindergarten through twelve. Each school board shall annually provide to a

parent or guardian of any pupil enrolled in the school district, an outline of the human growth and development curriculum used in the pupil's grade level and information regarding the procedure for inspection of the complete curriculum and instructional materials, including inspection prior to their use in the classroom. A pupil shall not be required to take instruction in human growth and development or in the specific topics under subsection 1, paragraphs "a" through "h", if the pupil's parent or guardian files with the pupil's teacher or principal a written request that the pupil be excused from the instruction.

Each school board or merged area school which offers general adult education classes or courses shall periodically offer an evening instructional program in human growth and development for parents, guardians, prospective biological and adoptive parents, and foster parents.

5. The state department of education shall make available model human growth and development curricula for grades kindergarten through twelve which shall include the instructional topics in subsection 1, paragraphs "a" through "h". The department of education shall distribute the model curricula to each school board and to each advisory committee appointed pursuant to subsection 1, and shall provide technical assistance to school boards and advisory committees in the use or adaptation of the curricula.

Sec. 449. Section 256.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 8. Adopt rules pursuant to chapter 17A relating to educational programs and budget limitations for educational programs pursuant to sections 282.28, 282.29, 282.30, and 282.31. The rules adopted pursuant to this subsection shall be written by June 30, 1987.

Sec. 450. NEW SECTION. 256.10A DUTIES OF CONSULTANTS.

Consultants employed by the director and paid from the fund created by section 8.41 from moneys received from Pub. L. No. 97-35, Title V, subtitle D, chapter 2, shall assist those

employees designated by the department as school improvement specialists in helping school districts to participate in school improvement activities identified as a result of the accreditation process conducted pursuant to section 256.11. The department shall assign consultants to assist school districts that the department determines are most in need of participation in school improvement activities.

For the purpose of this section, "school improvement specialist" means a consultant employed by the department who is responsible for the accreditation of school districts under section 256.11.

Sec. 451. Section 256.11, subsections 10, 11, and 12, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

10. The state board shall establish an accreditation process for school districts and nonpublic schools seeking accreditation pursuant to this subsection and subsections 11 and 12. As required in section 256.17, by July 1, 1989, all school districts shall meet standards for accreditation. For the school year commencing July 1, 1989 and school years thereafter, the department of education shall use a two-phase process for the continued accreditation of schools and school districts.

Phase I consists of annual monitoring by the department of education of all accredited schools and school districts for compliance with accreditation standards adopted by the state board of education as provided by section 256.17. The phase I monitoring requires that accredited school districts and schools annually complete accreditation compliance forms adopted by the state board and file them with the department of education. In addition, employees of the department of education shall complete at least one onsite visit each year to each accredited school and school district to review the educational programs and the information included in the compliance forms.

Phase II requires the use of an accreditation committee, appointed by the director of the department of education, to conduct an onsite visit to an accredited school or school district if any of the following conditions exist:

a. When the annual monitoring of phase I indicates that a school or school district may be deficient or fails to be in compliance with accreditation standards.

b. In response to a petition filed with the director requesting such a committee visitation that is signed by twenty percent or more of the registered voters of a school district.

c. In response to a petition filed with the director requesting such a committee visitation that is signed by twenty percent or more of the parents or guardians who have children enrolled in the school or school district.

d. At the direction of the state board of education.

The number and composition of the membership of an accreditation committee shall be determined by the director and may vary due to the specific nature or reason for the visit. In all situations, however, the chairperson and a majority of the committee membership shall be from the instructional and administrative program specialty staff of the department of education. Other members may include instructional and administrative staff from school districts, area education agencies, institutions of higher education, local board members and the general public. An accreditation committee visit to a nonpublic school requires membership on the committee from nonpublic school instructional or administrative staff or board members. A member of a committee shall not have a direct interest in the nonpublic school or school district being visited.

Rules adopted by the state board may include provisions for coordination of the accreditation process under this section with activities of accreditation associations.

Prior to a visit to a school district or nonpublic school, members of the accreditation committee shall have access to

all annual accreditation report information filed with the department by that nonpublic school or school district.

After visiting the school district or nonpublic school, the accreditation committee shall determine whether the accreditation standards have been met and shall make a report. to the director, together with a recommendation whether the school district or nonpublic school shall remain accredited. The accreditation committee shall report strengths and weaknesses, if any, for each standard and shall advise the school or school district of available resources and technical assistance to further enhance strengths and improve areas of weakness. A school district or nonpublic school may respond to the accreditation committee's report.

11. The director shall review the accreditation committee's report, and the response of the school district or nonpublic school, and provide a report and recommendation to the state board along with copies of the accreditation committee's report, the response to the report, and other pertinent information. The state board shall determine whether the school district or nonpublic school shall remain accredited. If the state board determines that a school district or nonpublic school should not remain accredited, the director, in cooperation with the board of directors of the school district, or authorities in charge of the nonpublic school, shall establish a plan prescribing the procedures that must be taken to correct deficiencies in meeting the standards, and shall establish a deadline date for completion of the procedures. The plan is subject to approval of the state board.

12. During the period of time specified in the plan for its implementation by a school district or nonpublic school, the school or school district remains accredited. The accreditation committee shall revisit the school district or nonpublic school and shall determine whether the deficiencies in the standards have been corrected and shall make a report and recommendation to the director and the state board. The

state board shall review the report and recommendation, may request additional information, and shall determine whether the deficiencies have been corrected. If the deficiencies have not been corrected, the state board shall merge the territory of the school district with one or more contiguous school districts. Division of assets and liabilities of the school district shall be as provided in sections 275.29 through 275.31. Until the merger is completed, the school district shall pay tuition for its resident students to an accredited school district under section 282.24.

Sec. 452. NEW SECTION. 256.20 APPROPRIATION FOR SALARIES FOR AREA SCHOOL EMPLOYEES.

1. There is appropriated from the general fund of the state to the department for each fiscal year the sum of three million two hundred fifty thousand (3,250,000) dollars to be allocated to the merged area schools for pay adjustments for full-time nonadministrative employees in addition to any agreement negotiated under chapter 20 or other salary adjustments or agreements. The allocation shall be distributed to merged area schools as follows:

a. Merged Area I	\$	124,850
b. Merged Area II	\$	159,548
c. Merged Area III	\$	118,658
d. Merged Area IV	\$	44,496
e. Merged Area V	\$	372,808
f. Merged Area VI	\$	131,372
g. Merged Area VII	\$	152,560
h. Merged Area IX	\$	171,630
i. Merged Area X	\$	258,505
j. Merged Area XI	\$	897,675
k. Merged Area XII	\$	105,944
l. Merged Area XIII	\$	436,499
m. Merged Area XIV	\$	50,853
n. Merged Area XV	\$	125,015
o. Merged Area XVI	\$	99,587

2. Moneys appropriated in subsection 1 for a pay adjustment shall be added to the salary of a full-time nonadministrative employee and shall supplement, not supplant, the results of a collective bargaining agreement negotiated under chapter 20, if any. The amount of a pay adjustment is for the adjustment of base pay only.

In addition, this subsection applies to pay adjustments funded by moneys appropriated in 1985 Iowa Acts, chapter 254, section 2, subsection 1, for the fiscal year beginning July 1, 1986.

Sec. 453. NEW SECTION. 256.30 EDUCATIONAL EXPENSES FOR AMERICAN INDIANS.

The department of education shall provide moneys to pay the expense of educating American Indian children residing in the Sac and Fox Indian settlement on land held in trust by the secretary of the interior of the United States in excess of federal moneys paid to the tribal council for educating the American Indian children when moneys are appropriated for that purpose. The tribal council shall administer the moneys distributed to it by the department and shall submit an annual report and other reports as required by the department to the department on the expenditure of the moneys.

The tribal council shall first use moneys distributed to it by the department of education for the purposes of this section to pay the additional costs of salaries for certificated instructional staff for educational attainment and full-time equivalent years of experience to equal the salaries listed on the proposed salary schedule for the school at the Sac and Fox Indian settlement for the school year beginning July 1, 1987 as that salary schedule existed on May 1, 1987, but the salary for a certificated instructional staff member employed on a full-time basis shall not be less than eighteen thousand dollars. The department of management shall approve allotments of moneys appropriated in this section when the department of education certifies to the department of management that the requirements of this section have been met.

Sec. 454. Section 261.2, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 10. Prepare and administer the occupational therapists loan program under this chapter.

Sec. 455. Section 261.9, subsection 5, Code 1987, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Which was eligible to participate in the tuition grant program during the school year beginning July 1, 1986 under section 261.9, subsection 5, paragraph "c", Code 1987, and will continue to be eligible during the school year beginning July 1, 1987, and which is making satisfactory progress to achieve accreditation from the North Central Association of Colleges and Secondary Schools accrediting agency, and the institution meets the thirteen general Institutional requirements of the North Central Association of Colleges and Secondary Schools accrediting agency by July 1, 1988 and meets the requirements for candidacy status of the North Central Association of Colleges and Secondary Schools accrediting agency by July 1, 1989, and attains full accreditation under a time period established by the North Central Association.

Sec. 456. Section 261.17, subsections 1 and 4, Code 1987, are amended to read as follows:

1. A vocational-technical tuition grant may be awarded to any resident of Iowa who is admitted and in attendance as a full-time student in a vocational-technical or career option program at an area school in the state, and who establishes financial need.

4. A vocational-technical tuition grant shall be awarded on an annual basis, requiring reapplication by the student for each year. Payments under the grant shall be allocated equally among the semesters or quarters of the year upon certification by the institution that the student is in full-time attendance in a vocational-technical or career option program, as defined under rules of the department of education. If the student discontinues attendance before the

end of any term after receiving payment of the grant, the entire amount of any refund due that student, up to the amount of any payments made under the annual grant, shall be paid by the institution to the state.

Sec. 457. Section 261.18, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Of the funds appropriated for the subvention program, the commission shall provide three thousand dollars of subvention to the college of osteopathic medicine and surgery for each Iowa student, to be credited against the tuition charged for the Iowa student by the college of osteopathic medicine and surgery, and the remaining funds shall be allocated to the college of osteopathic medicine and surgery.

Sec. 458. Section 261.25, subsections 1 and 2, Code 1987, are amended to read as follows:

1. There is appropriated from the general fund of the state to the commission for each fiscal year the sum of twenty-four million six ~~three~~ hundred ~~nineteen~~ thousand ~~eighty-four~~ dollars for tuition grants.

2. There is appropriated from the general fund of the state to the commission for each fiscal year the sum of three ~~four~~ hundred ~~fifty~~ thousand dollars for scholarships.

Sec. 459. Section 261.37, subsection 8, Code 1987, is amended to read as follows:

8. To develop and disseminate informational and educational materials to lenders, postsecondary institutions and borrowers. The commission shall provide applicants, as deemed necessary by the commission, with information about the ~~cost~~ default rate of borrowers by postsecondary institutions.

Sec. 460. Section 261.45, unnumbered paragraph 3, Code 1987, is amended to read as follows:

There is appropriated from the general fund of the state to the Iowa College aid commission, the sum of thirty ~~eighty-five~~ thousand dollars, or as much thereof as is necessary, for the ~~fiscal years beginning July 1, 1983 and July 1, 1984 and the~~

~~sum of sixty thousand dollars, or as much thereof as is necessary,~~ for the fiscal year beginning July 1, ~~1985~~ 1987 and each succeeding fiscal year, to make the reimbursement payments required under this section.

Sec. 461. NEW SECTION. 261.46 OCCUPATIONAL THERAPIST LOAN PAYMENTS.

An occupational therapist loan repayment program is established to be administered by the commission.

An occupational therapist is eligible for reimbursement payments under this section if the individual:

1. Has entered into a payment agreement with the commission on or after July 1, 1987.
2. Is a licensed occupational therapist under chapter 148B.
3. Is an Iowa resident employed in Iowa as an occupational therapist as certified by the board of physical and occupational therapy examiners.
4. Has an outstanding debt with an eligible lender under the Iowa guaranteed student loan program or has parents with an outstanding debt with an eligible lender under the Iowa PLUS loan program for the third and fourth years of an occupational therapist program.

The commission shall adopt rules under chapter 17A to provide for the administration of the program. The maximum annual reimbursement to an eligible occupational therapist for loan payments made during a year for loans qualifying under subsection 4 shall be equal to four thousand dollars or the remainder of a loan, whichever is less. Total payments for an eligible occupational therapist are limited to a two-year period and shall not exceed a total of eight thousand dollars.

If an occupational therapist fails to complete a year of employment as provided in subsection 3, the individual shall not be reimbursed for payments made during that year.

Sec. 462. Section 261.63, Code 1987, is amended to read as follows:

261.63 APPROPRIATION.

Commencing July 1, ~~1984~~ 1987, there is appropriated from the general fund of the state to the commission for each fiscal year the sum of ~~one-million eight hundred thousand~~ dollars for supplemental grants.

Sec. 463. NEW SECTION. 261.85 APPROPRIATION.

There is appropriated from the general fund of the state to the commission for each fiscal year the sum of two million one hundred fifty thousand dollars for the work-study program.

From moneys appropriated in this section, one million one hundred fifty thousand dollars shall be allocated to institutions of higher education under the state board of regents and merged area schools and the remaining one million dollars shall be allocated by the commission on the basis of need as determined by the portion of the federal formula for distribution of work study funds that relates to the current need of institutions.

Sec. 464. Section 262.9, subsection 15, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

15. In its discretion, adopt rules relating to the classification of students enrolled in institutions of higher education under the board who are residents of Iowa's sister states as residents or nonresidents for fee purposes.

Sec. 465. Section 262.9, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 17. Not less than thirty days prior to action by the board on any proposal to increase tuition, fees, or charges at one or more of the institutions of higher education under its control, send written notification of the amount of the proposed increase including a copy of the proposed tuition increase docket memorandum prepared for its consideration to the presiding officers of the student government organization of the affected institutions. The final decision on the increase in tuition for a fiscal year shall be made no later than the regular meeting held in November of the preceding fiscal year. The regular meeting held in

November shall be held in Ames, Cedar Falls, or Iowa City and shall not be held during the period in which classes have been suspended for Thanksgiving vacation.

Sec. 466. Section 262.44, subsection 1, unnumbered paragraph 1, Coda 1987, is amended to read as follows:

Set aside and use portions of the respective campuses of the institutions of higher education under its control, namely, the state university of Iowa, the Iowa state university of science and technology, and the university of northern Iowa, as the board determines are suitable for the acquisition or construction of ~~the following~~ self-liquidating and revenue producing buildings and facilities which the board deems necessary for the students and suitable for the purposes for which the institutions were established including without limitation; Student unions, recreational buildings, auditoriums, stadiums, field houses, athletic buildings and areas, parking structures and areas, electric, heating, sewage treatment and communication utilities, research equipment if the debt incurred in its acquisition will be retired by federal, private, or other lawfully available nonappropriated funds, and additions to or alterations of existing buildings or structures.

Sec. 467. Section 262.44, subsection 1, unnumbered paragraph 2, Code 1987, is amended by striking the unnumbered paragraph.

Sec. 468. Section 262.61, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the amount of bonds or notes issued under this chapter exceeds the actual costs of the projects for which the bonds or notes were issued, the amount of the difference shall be used to pay the principal and interest due on bonds or notes issued under this chapter.

Sec. 469. Section 262A.9, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the amount of bonds issued under this chapter exceeds the actual costs of the projects

for which bonds were issued, the amount of the difference shall be used to pay the principal and interest due on bonds issued under this chapter.

Sec. 470. Section 263A.7, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If the amount of bonds or notes issued under this chapter exceeds the actual costs of the projects for which the bonds or notes were issued, the amount of the difference shall be used to pay the principal and interest due on bonds or notes issued under this chapter.

Sec. 471. NEW SECTION. 269.3 CLASSROOM TEACHERS.

For purposes of chapter 20, classroom teachers employed by the Iowa Braille and Sight-Saving School may be accreted to the faculty-employee organization at the University of Northern-Iowa or any other approved employee organization.

Sec. 472. NEW SECTION. 270.11 CLASSROOM TEACHERS.

For purposes of chapter 20, classroom teachers employed by the school for the deaf may be accreted to the faculty-employee organization at the University of Northern Iowa or any other approved employee organization.

Sec. 473. Section 271.6, Code 1987, is amended to read as follows:

271.6 INTEGRATED TREATMENT OF UNIVERSITY HOSPITAL PATIENTS.

The authorities of the Oakdale campus may authorize patients for admission to the hospital on the Oakdale campus who are referred from the university hospitals and who shall retain the same status, classification, and authorization for care which they had at the university hospitals. Patients referred from the university hospitals to the Oakdale campus shall be deemed to be patients of the university hospitals. The provisions of chapter Chapters 255 and 255A and operating policies of the university hospitals shall apply to the patients and to the payment for their care the same as the provisions apply to patients who are treated on the premises of the university hospitals.

Sec. 474. Section 273.3, subsection 6, Code 1987, is amended to read as follows:

6. Area education agencies may co-operate and contract between themselves and with other public agencies to provide special education programs and services, media services, and educational services to schools and children residing within their respective areas. Area education agencies may provide print and nonprint materials to public and private colleges and universities that have teacher education programs approved by the state board of education.

Sec. 475. Section 273.3, subsection 10, Code 1987, is amended by striking the subsection.

Sec. 476. Section 280A.22, subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. In addition to the tax authorized under section 280A.17, the voters in any merged area may at the annual school election vote a tax not exceeding twenty and one-fourth cents per thousand dollars of assessed value in any one year for a period not to exceed ten years for the purchase of grounds, construction of buildings, payment of debts contracted for the construction of buildings, purchase of buildings and equipment for buildings, and the acquisition of libraries, for the purpose of paying costs of utilities, and for the purpose of maintaining, remodeling, improving, or expanding the area vocational school or area community college of the merged area. If the tax levy is approved under this section, the costs of utilities shall be paid from the proceeds of the levy. The tax shall be collected by the county treasurers and remitted to the treasurer of the merged area as provided in section 331.552, subsection 29. The proceeds of the tax shall be deposited in a separate and distinct fund to be known as the voted tax fund, to be paid out upon warrants drawn by the president and secretary of the board of directors of the merged area district for the payment of costs incurred in providing the school facilities for which the tax was voted.

Sec. 477. Section 280A.22, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. The proceeds of the tax voted under subsection I, paragraph "a", prior to July 1, 1987 shall be used for the purposes for which it was approved by the voters. ~~and may be used for the purpose of paying the costs of utilities:~~

Sec. 478. Section 280A.23, subsection 2, Code 1987, is amended to read as follows:

2. Have authority to determine tuition rates for instruction. Tuition for residents of Iowa shall not exceed the lowest tuition rate per semester, or the equivalent, charged by an institution of higher education under the state board of regents for a full-time resident student. However, if a local school district pays tuition for a resident pupil of high school age, the limitation on tuition for residents of Iowa shall not apply, the amount of tuition shall be determined by the board of directors of the area school with the consent of the local school board, and the pupil shall not be included in the full-time equivalent enrollment of the area school for the purpose of computing general aid to the area school. Tuition for nonresidents of Iowa shall be not less than one hundred fifty percent and not more than two hundred percent of the tuition established for residents of Iowa. Tuition for resident or nonresident students may be set at a higher figure with the approval of the state board. A lower tuition for nonresidents may be permitted under a reciprocal tuition agreement between a merged area and an educational institution in another state, if the agreement is approved by the state board. The board may designate that portion of the tuition moneys collected from students be used for student aid purposes.

Sec. 479. Section 280A.42, Code 1987, is amended to read as follows:

280A.42 PAYMENT OF EXPENSES.

The board of directors of a merged area shall audit and allow all just claims against the area school and an order shall not be drawn upon the treasury until the claim has been audited and allowed. However, the board of directors, by resolution, may authorize the secretary of the board, when the board is not in session, to issue payments for salaries pursuant to the terms of a written contract and to issue payments upon the receipt of verification filed with the secretary for ~~expenses for freight, drayage, express, postage, printing, utilities including electricity, water, waste collection, heating, air conditioning, telephone, and telegraph charges~~ all other general fund and plant fund expenses within limits established by resolution of the board; expenses involving auxiliary, agency, and scholarship and loan accounts; and refunds to students for tuition and fees. The secretary shall either deliver in person or mail the payments to the payees. A payment shall be made payable only to the person performing the service or furnishing the supplies for which the payment is issued. Payments issued prior to audit and allowance by the board shall be allowed by the board at the first meeting held after the issuance and shall be entered in the minutes of the meeting.

Sec. 480. Section 282.19, Code 1987, is amended to read as follows:

282.19 CHILD LIVING IN FOSTER CARE FACILITY.

A child who is living in a licensed child foster care facility as defined in section 237.1 in this state which is located in a school district other than the school district in which the child resided before receiving foster care may enroll in and attend an accredited school in the school district in which the child is living. ~~if a child docs not require special education and was not counted in the basic enrollment of a school district for a budget year under section 442.4, the tuition and transportation, when required by law, shall be paid by the treasurer of state from funds in the state treasury not otherwise appropriated, and upon~~

~~warrants drawn by the director of revenue and finance upon requisition of the director of the department of education.~~
The instructional costs for students who do not require special education shall be paid as provided in section 282.31, subsection 1, paragraph "b" or for students who require special education shall be paid as provided in section 282.31, subsections 2 or 3.

Sec. 481. NEW SECTION. 282.28 CHILDREN AT ELDORA AND TOLEDO.

Annually, the area education agency in which the state training school and the Iowa juvenile home are located and the department of human services on behalf of the training school and juvenile home shall submit an annual joint application by January 1 for the next succeeding school year to the department of education describing the proposed special education instructional and support programs and service improvements for the training school and juvenile home. The department of education shall review and approve or modify the program and proposed budget by February 1 and shall notify the area education agency and the department of human services of the approved budget. The moneys for the approved budget shall supplement and not supplant moneys equal to the moneys expended for education for the fiscal year beginning July 1, 1986 by the department of human services. The moneys for the approved budget shall be used to ensure that the training school and juvenile home comply with appropriate administrative rules relating to special education adopted by the department of education.

The area education agency shall submit a claim to the department of education by August 1 following the school year for the actual costs of the special education programs and services provided at the training school and juvenile home. The department shall review and approve or modify the claims by September 1 and shall notify the department of revenue and finance of the approved claim amount. The total amount of the approved claim shall be paid by the department of revenue and

finance to the area education agency by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state foundation aid paid under section 442.26 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claim that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to the total budget enrollment in the state for that budget year. The department of revenue and finance shall transfer the total amount of the approved claim from the moneys appropriated under section 442.26 for payment to the area education agency.

Sec. 482. NEW SECTION. 282.29 CHILDREN PLACED BY DISTRICT COURT.

Notwithstanding section 282.31, subsection 1, a child who has been identified as requiring special education, who has been placed in a facility or home by the district court, and for whom parental rights have been terminated by the district court, shall be provided special education programs and services on the same basis as the programs and services are provided for children requiring special education who are residents of the school district in which the child has been placed. The special education instructional costs shall be paid as provided in section 282.31, subsections 2 or 3.

Sec. 483. NEW SECTION. 282.30 SPECIAL PROGRAMS.

1. a. An area education agency shall provide or make provision for an appropriate educational program for each child living in the following types of facilities located within its boundaries:

(1) An approved or licensed shelter care home, as defined in section 232.2, subsection 31.

(2) An approved juvenile detention home, as defined in section 232.2, subsection 28.

b. The area education agency shall provide the educational program by any one of, but not limited to, the following:

(1) Providing for the enrollment of the child in the district of residence of the child, subject to the approval of the district in which the child is living.

(2) Cooperating with the district of residence of the child and obtaining the course of study and textbooks of the child for use in the special facility into which the child has been placed.

(3) Providing for the enrollment of the child in the district in which the child is living, subject to the approval of the district in which the child is living.

An area education agency shall not provide educational services to a facility specified in paragraph "a" unless the facility makes a request for educational services to the area education agency by December 1 of the school year prior to the beginning of the school year for which the services are being requested.

2. The area education agency where the child is living, the school district of residence, the other appropriate area education agency or agencies, and other appropriate agencies involved with the care or placement of the child shall cooperate with the school district where the child is living in sharing educational information, textbooks, curriculum, assignments, and materials in order to plan and to provide for the appropriate education of the child living in such facility specified in subsection 1.

Sec. 484. NEW SECTION. 282.31 FUNDING FOR SPECIAL PROGRAMS.

1. a. A child who lives in a facility pursuant to section 282.30, subsection 1, paragraph "a", and who is not enrolled in the educational program of the district of residence of the child: shall receive appropriate educational services. The area education agency shall submit a proposed program and budget to the department of education by January 1 for the next succeeding school year. The department of education shall review and approve or modify the program and proposed budget and shall notify the area education agency by February

1. The area education agency shall submit a claim to the department of education by August 1 following the school year for the actual cost of the program. The department shall review and approve or modify all expenditures incurred in compliance with the guidelines pursuant to section 256.7, subsection 8, and shall notify the department of revenue and finance of the approved claim amount by September 1. The total amount of the approved claim shall be paid by the department of revenue and finance to the area education agency by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state foundation aid paid under section 442.26 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claims that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to the total budget enrollment in the state for that budget year. The department of revenue and finance shall transfer the total amount of the approved claims from the moneys appropriated under section 442.26 for payment to the area education agencies.

b. A child who lives in a facility or home pursuant to section 282.19, and who does not require special education and who is not enrolled in the educational program of the district of residence of the child, shall be included in the basic enrollment of the school district in which the facility or home is located.

2. a. The actual special education instructional costs incurred for a child who lives in a facility pursuant to section 282.19 or for a child who is placed in a facility or home pursuant to section 282.29, who requires special education and who is not enrolled in the educational program of the district of residence of the child but who receives an educational program from the district in which the facility or home is located, shall be paid by the district of residence of the child to the district in which the facility or home is

located, and the costs shall include the cost of transportation.

b. A child shall not be denied special education programs and services because of a dispute over the determination of district of residence of the child. The director of the department of education shall determine the district of residence when a dispute arises regarding the determination of the district of residence for a child who requires special education pursuant to this subsection.

3. The actual special education instructional costs, including transportation, for a child who requires special education shall be paid by the department of revenue and finance to the school district in which the facility or home is located, only when a district of residence cannot be determined, and the child was not included in the weighted enrollment of any district pursuant to section 281.9, and the payment pursuant to paragraph "a" was not made by any district. The district shall submit a proposed program and budget to the department of education by January 1 for the next succeeding school year. The department of education shall review and approve or modify the program and proposed budget and shall notify the district by February 1. The district shall submit a claim by August 1 following the school year for the actual cost of the program. The department shall review and approve or modify the claim and shall notify the department of revenue and finance of the approved claim amount by September 1. The total amount of the approved claim shall be paid by the department of revenue and finance to the school district by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state foundation aid paid under section 442.26 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claims that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to

the total budget enrollment in the state for the budget year. The department of revenue and finance shall transfer the total amount of the approved claims from moneys appropriated under section 442.26 for payment to the school district.

4. For purposes of this section, "district of residence" means the school district in which the parent or legal guardian of the child resides or the district in which the district court is located if the district court is the guardian of the child.

5. Programs may be provided during the summer and funded under this section if the school district or area education agency determines a valid educational reason to do so.

Sec. 485. NEW SECTION. 282.32 APPEAL.

An area education agency or local school district may appeal a decision made pursuant to section 282.28 or 282.31 to the state board of education. The decision of the state board is final.

Sec. 486. Sections 273.11, 281.12, and 282.27, Code 1987, are repealed.

Sec. 487. TRANSITION.

1. The expenditures submitted to the department of education and approved by the department for providing programs for students residing in a shelter care home or juvenile detention home by an area education agency for the school year beginning July 1, 1986 and ending June 30, 1987 shall be paid during the fiscal year beginning July 1, 1987 and ending June 30, 1988 within sixty days after July 1, 1987. These payments shall be made to area education agencies pursuant to the payment method within section 282.31.

2. Notwithstanding section 282.28, the area education agency in which the state training school and the Iowa juvenile home are located and the department of human services shall submit the joint application for the special education program to the department of education by August 15, 1987 for the school year beginning July 1, 1987.

3. Notwithstanding section 282.30, a facility specified in section 282.30, subsection 1, paragraph "a" shall make a request to be served by an area education agency for the school year beginning July 1, 1987 by July 10, 1987. Notwithstanding section 282.31, an area education agency or local school district shall submit a proposed program and budget for a program under section 282.31 by July 20, 1987 for the school year beginning July 1, 1987 and ending June 30, 1988.

Sec. 488. Section 285.1, Code 1987. is amended by adding the following new subsection:

NEW SUBSECTION. 22. Notwithstanding subsection 1, paragraph "a", a parent or guardian of an elementary pupil entitled to transportation pursuant to subsection 1, may request that a child day care facility be designated for purposes of subsection 9 rather than the residence of the pupil. The request shall be submitted for a period of time of at least one semester and may not be submitted more than twice during a school year.

Sec. 409. Section 286A.8, Code 1987. is amended to read as follows:

286A.8 LIBRARY FUNCTION COST.

The library function cost for a base budget year for an area school is determined by the department of education by multiplying the total of the area school's support for the five instructional cost centers, for the general institutional support function, for the student services function, and for the physical plant function for that year by three and thirty-three hundredths percent, which is the average percent of the area schools' support expended for the library function cost. The department shall notify the department of management.

The foundation support level for the library services function for an area school for a base year is sixty-five percent of the area school's library function cost for that year.

~~For the budget year beginning July 1, 1986 and each succeeding budget year, the foundation support level for the library function for an area school is the foundation support level for the base year plus a library allowable growth amount. The allowable growth amount is determined by the department of education by multiplying the state percent of growth for the budget year by the state average library function cost for the base year for each area school. The department shall notify the department of management.~~

Sec. 490. NEW SECTION. 303.18 MAN FOR EXHIBITS.

Notwithstanding sections 302.1 and 302.1A, and after moneys appropriated under section 99B.32, subsection 5, for the fiscal year beginning July 1, 1987 and ending June 30, 1988 have been expended or obligated, the administrator of the historical division of the department of cultural affairs may obtain a loan of not exceeding three million fifty thousand dollars from moneys designated as the permanent school fund of the state in section 302.1, to be used to pay for equipment, planning, and construction costs of educational exhibits for the state historical museum. The exhibits will teach common school children of Iowa about Iowa's history, culture, and heritage. The department of revenue and finance shall make the payment upon receipt of a written request from the administrator of the historical division. Moneys received under this section as a loan that are not expended are available for expenditure during the fiscal year beginning July 1, 1988.

The historical division shall repay a portion of the amount of the loan together with annual interest payments due on the balance of the loan over a ten-year period commencing with the fiscal year beginning July 1, 1987. Payments shall be made from gross receipts and other moneys available to the historical division. Annual payments shall not be less than the amount of interest on the permanent school fund required to be transferred to the first in the nation in education foundation under section 302.1A or seventy-five percent of the

gross receipts, whichever is greater. Payments of both principal and interest made by the state historical division under this section shall be paid quarterly and shall be considered interest earned on the permanent school fund to the extent necessary for payment of interest to the first in the nation in education foundation under section 302.1A.

The treasurer of state shall determine the rate of interest that the historical division shall pay on the loan.

Sec. 491. NEW SECTION. 294A.25 APPROPRIATION.

1. For each fiscal year commencing with the fiscal year beginning July 1, 1987, there is appropriated from the general fund of the state to the department of education the amount of ninety-two million one hundred thousand eighty-five dollars to be used to improve teacher salaries. The moneys shall be distributed as provided in this section.

2. The amount of one hundred fifteen thousand five hundred dollars to be paid to the department of human services for distribution to its certificated classroom teachers at institutions under the control of the department of human services for payments for phase II based upon the average student yearly enrollment at each institution as determined by the department of human services.

3. The amount of ninety-four thousand six hundred dollars to be paid to the state board of regents for distribution to certificated classroom teachers at the Iowa braille and sight-saving school and the Iowa school for the deaf for payments of minimum salary supplements for phase I and payments for phase II based upon the average yearly enrollment at each school as determined by the state board of regents.

4. For the fiscal year beginning July 1, 1987 only, the amount of two hundred thousand dollars for pilot projects for sabbaticals for teachers.

Notwithstanding section 256.21, if House File 499 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law, the department shall establish pilot projects for sabbatical programs for the school year beginning July 1,

1987. Notwithstanding section 8.33, moneys appropriated in this subsection and not expended for pilot projects by June 30, 1987 shall not revert on June 30, 1987, but shall carry over and may be expended during the fiscal year beginning July 1, 1988. It is the intent of the general assembly that projects authorized by this subsection shall meet requirements which are similar to the requirements specified in section 256.21 if House File 499 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law. Procedures for making applications for projects authorized by this subsection shall be established by the state board of education by rule under chapter 17A. The department shall send notification to school districts as soon as practicable concerning the requirements for applications for sabbaticals and shall encourage school districts to develop their own sabbatical programs using moneys available to them under phase III if House File 499 is enacted by the Seventy-second General Assembly, 1987 Session, and becomes law.

5. For each fiscal year, the remainder of moneys appropriated in subsection 1 to the department of education shall be deposited in the educational excellence fund to be allocated in an amount to meet the minimum salary requirements of this chapter for phase I, in an amount of thirty-eight million five hundred thousand dollars for phase II, and the remainder of the appropriation for phase III.

As a condition of the appropriation in this section, and notwithstanding section 8.31, if at any time between July 1, 1987 and February 1, 1988, the governor determines that the estimated budget resources of the state will be insufficient to pay all appropriations in full for the fiscal year beginning July 1, 1987 and ending June 30, 1988, in lieu of using section 8.31 to modify allotments on a uniform basis, the governor shall certify to the department of education the amount by which budget resources are insufficient. The department of education shall notify the governor of the amount of moneys allocated for phase III under this chapter

and pursuant to the appropriation made in this section. The governor shall order that the allocation for phase III be reduced by an amount equal to the amount that the budget resources are insufficient or by the amount contained in the department of education's notification to the governor under this section, whichever is less and shall certify to the department of education the amount of money available for phase III.

Sec. 492. Section 303.83, Code 1987, is amended to read as follows:

303.83 REVENUE FROM CONTRACTS.

The board shall retain for its use revenues generated through contracts with nonprofit organizations or their affiliated organizations from the use of the educational radio and television facility and other educational communications services, and interest earned on all funds credited to the division except funds appropriated to the division from the general fund of the state. The administrator may receive services from other divisions and state agencies.

Sec. 493. Section 422.9, subsection 2, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. Add the amount the taxpayer has paid to others, not to exceed one thousand dollars for each dependent in grades kindergarten through twelve, for tuition and textbooks of each dependent in attending an elementary or secondary school situated in Iowa, which school is accredited or approved under section 256.11, which is not operated for profit, and which adheres to the provisions of the United States Civil Rights Act of 1964 and chapter 601A. As used in this paragraph, "textbooks" means books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught-in public elementary and secondary schools in this state and does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship. the purpose of which is to inculcate those tenets,

doctrines, or worship, and does not include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature. The deduction in this paragraph does not apply to a taxpayer whose adjusted gross income, as properly computed for federal tax purposes, is forty-five thousand dollars or more. In the case where the taxpayer is married, whether filing jointly or separately, the deduction does not apply if the combined adjusted gross income of the taxpayer and spouse is forty-five thousand dollars or more.

As used in this paragraph, "tuition" means any charges for the expenses of personnel, buildings, equipment and materials other than textbooks, and other expenses of elementary or secondary schools which relate to the teaching only of those subjects legally and commonly taught in public elementary and secondary schools in this state and which do not relate to the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship. and which do not relate to extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature.

Sec. 494. Section 422.12. Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. For those who do not itemize their deduction. a tuition credit equal to five percent of the first one thousand dollars which the taxpayer has paid to others for each dependent in grades kindergarten through twelve, for tuition and textbooks of each dependent in attending an elementary or secondary school situated in Iowa, which school is accredited or approved under section 256.11, which is not operated for profit. and which adheres to the provisions of the United States Civil Rights Act of 1964 and chapter 601A. As used in this paragraph, "textbooks" means books and other instructional materials and equipment used in elementary and

secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state and does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship, and does not include books or materials for extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature. Notwithstanding any other provision, all other credits allowed under section 422.10 through 422.12 shall be deducted before the tuition credit under this subsection. The credit in this subsection does not apply to a taxpayer whose adjusted gross income, as properly computed for federal tax purposes, is forty-five thousand dollars or more. In the case where the taxpayer is married, whether filing jointly or separately, the credit does not apply if the combined adjusted gross income of the taxpayer and spouse is forty-five thousand dollars or more.

As used in this subsection, "tuition" means any charges for the expenses of personnel, buildings, equipment and materials other than textbooks, and other expenses of elementary or secondary schools which relate to the teaching only of those subjects legally and commonly taught in public elementary and secondary schools in this state and which do not relate to the teaching of religious tenets, doctrines, or worship, the purpose of which is to inculcate those tenets, doctrines, or worship, and which do not relate to extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or programs of a similar nature.

Sec. 495. Section 427.1, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 40. PUBLIC TELEVISION STATION. All grounds and buildings used or under construction for a public television station and not leased or otherwise used or under construction for pecuniary profit.

Sec. 496. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts.

Sec. 491. Moneys appropriated by this division of this Act shall not be used for capital improvements.

Sec. 498. Sections 122, 207, 209, 210, 211, 220, 304, 305, 409, 411, 412, and 449 of this Act, being deemed of immediate importance, take effect upon their enactment. Sections 493 and 494 of this Act are retroactive to January 1, 1987 and apply to tax years beginning on or after that date.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 511, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

S.F. 511

TERRY E. BRANSTAD
Governor



OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD
GOVERNOR

June 9, 1987

The honorable Elaine Eaxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit Senate File 511, an act relating to the financing of public agencies and programs and making appropriations to agencies, boards, commissions, departments, and programs of state government relating to elected officials, the executive council, management, revenue and finance, personnel, general services, economic development, agriculture, natural resources, and education, providing a property tax exemption for certain educational facilities, establishing an office of state-federal relations, providing for the education of American Indian children, establishing an occupational therapist loan program, providing for the sale of certain property and the purchase of certain property, providing tax exemption for certain property of a public television station, establishing a targeted small business linked deposit program and Iowa satisfaction and performance bond program, establishing a state fair authority, establishing an obstetrical and newborn indigent patient care program, accretion to bargaining units of certain teachers, providing for a loan of moneys in the permanent school fund, providing a tax deduction and a tax credit for certain purposes, making provisions retroactive, and providing effective dates.

Senate File 511 provides for appropriations and substantial statutory changes for agencies ranging from executive council to the department of education. This bill, in short, spends more than the state's taxpayers can afford. Senate File 511 authorizes a score of new programs; it attempts to hide the real level of spending in FY 88 by over \$12 million by appropriating funds in the wrong fiscal year: and it contains substantial statutory language which encroaches upon executive branch discretion in the administration of programs.

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As a result, action must be taken to clean up this bill and to substantially cut the level of spending.

With the recent action by the extraordinary session of the 72nd general assembly, the Department of Management estimates that the state will face a revenue shortfall of up to \$30 million in FY 88. This shortfall occurs despite the use of the additional one-time revenue achieved in FY 87 as a result of federal tax changes. Clearly, spending must be cut substantially in FY 86 if we are to have a balanced budget as required by the Iowa Constitution.

Therefore, I am taking action to remove \$15.95 million of excessive spending from Senate File 511. I also am removing \$19.263 million from House File 671 in order to provide the state with a balanced budget. Programs for which spending is cut or eliminated in this bill include those which have been recommended for elimination in the past, those new programs which impose upon the state's taxpayers new liabilities and additional spending for existing programs beyond that called for in my initial recommendations to the general assembly.

Senate File 511 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 107, Subsection 1, unnumbered paragraph 1 in its entirety. This unnumbered paragraph requires the Department of General Services to continue the forms management program. This program was recommended for elimination by the recent restructuring and downsizing report for state government and I had recommended that we cut this program. The legislature provided an additional \$43,000 in the lump sum appropriation to the department. With this veto, that \$40,000 will revert to the state's general fund. The department can provide for appropriate controls on the use of forms by state agencies without the expenditure of these additional funds.

I am unable to approve the item designated as Section 109 in its entirety. Section 109 of Senate File 511 provides \$3 million to the Department of General Services in FY 89 and FY 90 to be used for capitol complex construction. This program

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is designed to supplement funds appropriated in the lottery bill to construct an underground office building for the general assembly. I question the legislature's ability to obligate a future general assembly for these funds. In addition, I believe it is inappropriate for the general assembly to be spending millions of dollars to construct a new office building for the members.

I am unable to approve the item designated as that portion of Section 114 which reads as follows: "and the fiscal committee of the legislative council,"

This provision in Section 114 gives the fiscal committee of the legislative council the authority to, in effect, appropriate funds to the lottery division of the Department of Revenue and Finance. I believe this is an inappropriate delegation of responsibility to the fiscal committee of the legislature. The Department of Management will review the need for additional funds by the lottery division and will provide appropriate reports on those needs to the legislature.

I am unable to approve that item designated as Section 122 in its entirety. Section 122 of Senate File 511 appropriates \$4.25 million in N 87 for various projects to the Department of General Services. These include capitol renovation projects and moving the historical division into the new historical building.

I had recommended a number of these funds for appropriation in FY 88. However, the legislature is attempting to use budget gimmickery to mask the actual level of spending in Fiscal Year 1988. This "appropriate-now and spend-later" budgetary practice is dangerous and will result in excessive spending in FY 86 and FY 89. Iowa taxpayers cannot afford these double expenditures and therefore I cannot allow this budget gimmickery to be passed into law. The historical division move and the capitol renovation projects can be accomplished by use of lottery funds.

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I am unable to approve that item designated as Section 126, Subsection 2, paragraph b; Section 126, Subsection 3 in its entirety; that portion of Section 126, Subsection 4 which reads as follows: "with oversight of the office to be provided by the state-federal relations commission."

And Section 126, Subsection 6 in its entirety.

This item in Section 126 establishes a state-federal relations commission which, in effect, is a fourth branch of government composed of the three branches established in the Constitution. To be effective, Iowa's Washington office must be managed by the executive branch, albeit with appropriate communication with the other branches of government. Setting up a three-party team to manage a new independent agency would be unworkable and would greatly hamper the ability of Iowa to use its Washington office to return a greater share of our federal tax dollars to Iowa.

I am unable to approve that item designated as Section 127 in its entirety.

This section requires the governor to transmit final drafts of the governor's proposed budget expenditures no later than seven days following delivery of the budget message. A good faith effort will be made to have the draft budget bills submitted within seven days of the message. However, the language in Section 127 is unduly restrictive.

I am unable to approve that item designated as Section 133 in its entirety.

This section of Senate File 511 establishes an audit expense fund by the department of revenue and finance. While I agree with the intent of this proposal -- to provide additional auditors and to increase tax compliance -- I cannot accept another fund separated from the state's general fund. Such action by the general assembly tends to obscure the ability of taxpayers to view the real level of spending. Revolving funds should be used on only a very limited basis: direct appropriations from the general fund should be the general rule.

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I am unable to approve that item designated as Section 201, Subsection 6 in its entirety.

This section of Senate 511 imposes burdensome performance measures and reporting requirements on the Department of Agriculture and Land Stewardship. These management related goals and reporting mechanisms are the essence of executive branch administrative discretion. The Department of Management has developed performance measures for each department, consistent with the reorganization bill. The results of these measures can and will be shared with the legislative branch of government at appropriate times. Moreover, the agricultural marketing issue is now the subject of contention between the Department of Economic Development and the Department of Agriculture and Land Stewardship. These goals and mission statements simply tend to further confuse that marketing dichotomy. The legislature should take action to provide full marketing authority in the department of economic development, as recommended in the recent reorganization legislation.

I am unable to approve that item designated as Section 205, Subsection 5 in its entirety.

This section of Senate File 511 imposes detailed performance measures on the law enforcement bureau of the fish and wildlife division of the Department of Natural Resources. Again, these management related goals and reporting mechanisms are the essence of executive branch administrative discretion. The Department of Management's performance measures can and will be shared at appropriate times with the legislative branch of government. However, some administrative discretion in the management of state government must be maintained.

I am unable to approve that item designated as Section 207, Subsection 2 in its entirety.

This subsection appropriates \$60,000 to the Department of Natural Resources for Iowa's dues to the Midwest Interstate Low Level Radioactive Waste Compact for Fiscal Year 1988. However, even though the funds are to be used for FY 88, they are actually appropriated in FY 87. Again, this budget gimmickery

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is designed to mask the real level of spending provided for in the next fiscal year. The state must appropriate the funds necessary for this assessment from this important compact. I urge the general assembly to take action to provide for those funds in an appropriate manner next fiscal year.

And I am unable to approve the item designated as Section 210 in its entirety. .

Section 210 of Senate File 511 provides \$250,000 in FY 87 to the Department of Agriculture and Land Stewardship to pay the initial costs of establishing the agricultural export trading company. Since this state trading company was vetoed in Senate File 274, the need for these funds no longer exists. In addition, the legislature is again appropriating these funds in the wrong fiscal year in order to avoid allowing the taxpayers to see the actual level of spending provided in FY 88. As such, this section cannot be approved.

I am unable to approve that item designated as Section 211 in its entirety.

This section provides \$125,000 to the Department of Agriculture and Land Stewardship for the Iowa grain quality program. Again, funds are provided in the wrong fiscal year in order to hide the actual level of spending. In addition, Iowa has already established a certified Iowa quality grain program as a result of a cooperative effort with the private sector. Thus, additional state appropriations are not needed.

I am unable to approve that item designated as Section 220 in its entirety.

This section of Senate File 511 provides \$5 million to the Iowa agricultural development authority for agricultural loan assistance programs. I originally recommended that these funds be appropriated in FY 88 in order to provide necessary credit assistance to farmers in difficult financial shape and to provide a financial incentive for Iowans to re-enter the cattle market. I continue to strongly support those efforts.

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However, the general assembly again provides funds for this purpose in FY 87 to be spent in FY 88. I vetoed a similar effort in Senate File 355 because it requires double spending of state funds in future fiscal years. Given the state's fiscal situation, I cannot approve of this budget gimmickery. In the future, I plan to continue to urge the general assembly to remove this buy-down program from the legislature's budgetary game playing. Funds are necessary to reinvigorate agriculture in Iowa and the legislature, in the future, ought to play it straight and provide the funds for the year in which they are to be spent.

I am unable to approve that item designated as Section 301, Subsection 15 in its entirety.

This subsection of Senate File 511 again imposes detailed performance measures and reporting requirements on the Department of Economic Development. The Department of Management's performance measures will be shared with the legislative branch at appropriate times. That method will avoid the unnecessary encroachment of the legislative branch into the administrative discretion of the executive branch.

I am unable to approve that item designated as Section 302 in its entirety.

This section of Senate File 511 imposes restrictions on the use of community economic betterment funds, RISE funds, and job training programs. These programs must be flexible in order to respond quickly and appropriately to opportunities for new jobs. By placing additional restrictions on these funds, the legislature will cost Iowa jobs. Certainly, the considerations placed in Section 302 can and are a part of the department's decision making process. However, detailed legal restrictions would hamstring the department's ability to act quickly to obtain new jobs for Iowa.

I am unable to approve the item designated as Section 304, in its entirety.

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Section 304 allows funds for tourism and marketing purposes to be carried over into FY 88. The intent of this portion of Section 304 is to increase the department's real level of spending in FY 88, while appropriating the funds in FY 87. The General Assembly cut tourism funds below last year's levels despite my call for a \$600,000 increase. I strongly support tourism marketing funding and will push hard to increase funds for that purpose next year.

I am unable to approve that item designated as Section 306 in its entirety.

This portion of Senate File 511 imposes detailed meeting and reporting requirements on the Department of Economic Development. These extensive requirements would add further bureaucratic weight to the department of economic development's responsibilities. Such requirements would limit the department's ability to perform its primary mission -- assistance in the creation of new jobs in our state. As a result, I cannot approve this section of Senate File 511.

I am unable to approve that item designated as Section 401, Subsection 8 in its entirety.

This subsection of Senate File 511 provides an additional \$60,000 to the regional library system for new grant programs. The legislature restored substantial funds to the regional library system in this appropriation. Providing funds above last year's level for studies and grants simply cannot be justified, considering the state's difficult financial situation.

I am unable to approve that item designated as Section 402, Subsection 2; Section 454, New Subsection 10; and Section 461 in its entirety.

This item of Senate File 511 establishes a new occupational therapist loan program. Many Iowa institutions have had difficulties recruiting occupational therapists. In addition, no Iowa college or university presently has an occupational therapist program. It would be appropriate for an Iowa educational institution to adopt such a program in order to

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improve the ability of Iowa instituitons to attract needed occupational therapists. However, establishing a new loan program is not likely to provide any immediate relief. As a result, I must disapprove it.

I cannot approve the item designated as that portion of Section 405, unnumbered paragraph 2, which reads as follows:

"As a condition of the appropriation made in this subsection, the department of education shall expend at least one hundred fifty thousand (150,000) dollars of the moneys appropriated in this subsection to increase the salaries of individuals employed by the department in consultant positions in order to bring their compensation up to a level that is more competitive with compensation received by individuals employed in other professinal positions that have comparable educational requirements."

This portion of Senate Fils 511 provides an inappropriate supplement of salaries to consultants in the department of education. While some review of the consultants salaries may be in order, direct legislative action to provide a salary adjustment to individual state employees is bad salary policy and cannot be approved.

I cannot approve the item designated as Section 405, Subsection 12 in its entirety.

This subsection provides \$250,000 to a particular merged area school to meet educational needs. I understand that the Des Moines Area Community College does have a funding problem caused by the new area college funding formula incorporated in this legislation and that these funds would help finance instructors. This problem is caused by the definition of contact hours in the formula. I will work with the department of education and the Des Moines Area Community College to resolve this contact hour definitional problem to prevent DMACC from being excessively penalized through the formula. However, I cannot approve a separate supplemental appropriation

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on top of the funding formula to deal with that issue. The funding formula is designed to provide all of the funds to the area colleges for educational purposes. Any difficulties with the formula should be resolved internally without a separate line item appropriation. The instructional problems at the Carroll DMACC campus must be addressed within the community college structure.

I am unable to approve the item designated as Section 408 Subsection 1, lettered paragraph a, unnumbered subparagraph 1.

This unnumbered paragraph requires that the Board of Regents provide free copies of the student newspapers to the chairpersons and ranking members of the education appropriations subcommittees, the legislative fiscal bureau, and the department of management. Legislating free newspapers in an appropriation bill is wrong and cannot be tolerated. If members of these committees wish to receive newspapers, they should work out an arrangement with the institutions and report it as a gift.

I am unable to approve the item designated as Section 409 in its entirety.

This section of Senate File 511 provides \$2 million of FY 87 funds to be spent in FY 88 for an amorphous silicon research facility at Iowa State University. I am supportive of this research effort and have encouraged the university and the company interested in this project to apply for oil overcharge funds under the competitive grant process. Indeed, members of the oil overcharge review committee have expressed an interest in the project. However, I cannot accept an FY 87 appropriation to be spent in FY 88 for this purpose. It again masks the real level of spending provided by the general assembly.

I am unable to approve that item designated as Section 416 in its entirety.

This section of Senate File 511 punishes school districts that have not filed their economy committee task force report. Just a few districts have failed to do so, to date. I would encourage them to comply with Iowa law. However, I do not

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believe it is appropriate to deny children in those districts of all state aid as is required in Section 416. The punishment, in this case, exceeds the violation. As a result, I cannot approve Section 416 but do request that the affected school districts comply with Iowa law and file their economy task force reports.

I am unable to approve that item designated as Section 421 in its entirety.

This section of Senate File 511 provides for detailed performance review measures and reporting requirements for regional libraries which should remain the prerogative of the executive branch of state government. These management review and reporting mechanisms violates the need for administrative discretion. The department of management will report to the legislative branch regarding the performance measures developed by the executive branch.

I am unable to approve the item designated as Section 430 in its entirety; and Section 446 in its entirety.

This item in Senate File 511 requires the establishment of adolescent task force local advisory committees. I am aware of and sensitive to the need to provide state assistance to auolescents. Specifically, I am approving Section 411 which provides for pregnancy prevention and services grants. I am pleased that this section of the bill directs these funds to be used in an appropriate way and prohibits the use of these funds for abortions.

However, the task force and the local advisory groups remain narrowly focused and would duplicate the task force on adolescent substance abuse, pregnancy, and suicides which I plan to appo.int. That task force will represent a broad spectrum of citizens of Iowa and will make recommendations for consideration by the general assembly in 1988.

I am unable to approve that item designated as Section 452 in its entirety.

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This section in Senate File 511 provides an additional \$3.25 million to the merged area schools for salary adjustments. While I understand the need for salary adjustments at the merged area schools, I cannot approve a separate appropriation for that purpose. My recommendations to the general assembly provided for full funding of the formula for merged area schools. This provided them with an additional \$8.6 million of state aid. Once the merged areas are engaged in formula funding, they should no longer expect additional salary supplements. Therefore, I cannot approve the additional salary supplement provided in Section 452.

I am unable to approve the item designated as Section 471 and Section 472 in its entirety.

This item in Senate File 511 legislates bargaining units for classroom teachers at the Iowa Braille and Sight Saving School and the Iowa School for the Deaf. Chapter 20 requires the Iowa Public Employment Relations Board to establish appropriate bargaining units. This legislation is clearly a violation of Chapter 20 by arbitrarily legislating bargaining units. That precedent should not be established.

I am unable to approve that item designated as that portion of Section 491, Subsection 4 in its entirety.

This subsection provides that \$200,300 from phase three of the educational excellence fund is to be used for pilot projects for sabbaticals for teachers. I cannot accept this diversion of performance-based pay funds for that purpose. While there may be some educational value in a sabbatical, I do not believe that state ought to be providing line item funds for that purpose. Instead, local school districts should develop performance-based pay plans that best suit the needs of their districts, subject to approval of the Department of Education.

I am unable to approve that item designated as Section 491, Subsection 5, numbered paragraph 2. This item requires that the appropriations for performance-based pay be placed on the chopping block if further budget cuts are needed. Since this provision substantially alters the existing state policy on budget reductions and establishes performance-based pay as the legislature's last priority, I cannot approve it. I believe

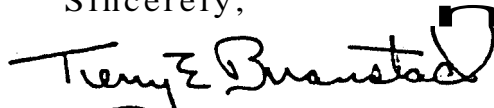
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that performance-based pay for education should be our top priority and I plan to treat it as such as the budget is implemented for the next fiscal year.

In summary, Senate File 511 includes excessive spending for new programs. With these actions, I have reduced spending in this bill by \$15.95 million. In addition onerous statutory language has been stricken. At the same time, our commitment to excellence in education in K-12 is maintained and strengthened.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 Constitution of the State of Iowa. All other items in Senate File 511 are hereby approved as of this date.

Sincerely,

A handwritten signature in cursive script that reads "Terry E. Branstad". The signature is written in dark ink and is positioned above the printed name and title.

Terry E. Branstad
Governor

TEB:cd

cc: Secretary of the Senate
Chief Clerk of the House

SENATE FILE 513

AN ACT

APPROPRIATING FEDERAL FUNDS MADE AVAILABLE FROM FEDERAL BLOCK GRANTS. ALLOCATING PORTIONS OF FEDERAL BLOCK GRANTS, AND PROVIDING PROCEDURES IF FEDERAL FUNDS ARE MORE OR LESS THAN ANTICIPATED OR IF FEDERAL BLOCK GRANTS ARE MORE OR LESS THAN ANTICIPATED OR IF CATEGORICAL GRANTS ARE CONSOLIDATED INTO NEW OR EXISTING BLOCK GRANTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

Section 1. ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES APPROPRIATION.

1. There is appropriated from the fund created by section 8.41 to the Iowa department of public health, three million eighty-two thousand (3,082,000) dollars for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section are the anticipated funds to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title IX, Subtitle A, and Pub. L. No. 97-414 which provides for the alcohol and drug abuse and mental health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

Of the funds appropriated in this subsection, twenty-nine thousand eight hundred fifty-one (29,851) dollars shall be used for audits. The auditor of state shall bill the Iowa department of public health for the cost of the audits.

2. Seventeen and eight-tenths percent of the remaining funds appropriated in subsection 1 shall be transferred to the division of mental health, mental retardation, and developmental disabilities within the department of human

services and allocated for community mental health centers. Of this amount, ten percent must be used to initiate new mental services for severely disturbed children and adolescents and new comprehensive community mental health programs for unserved areas or underserved populations.

3. Funds appropriated in subsection 1 shall not be used by the Iowa department of public health for administrative expenses, except for those specified to be used for audits in subsection 1. The Iowa department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1 from funds appropriated to the department from the general fund of the state in addition to the amount to be used for audits in subsection 1. The auditor of state shall bill the Iowa department of public health for the costs of the audit.

4. Five percent of the remaining funds appropriated in subsection 1 shall be used to provide alcohol and drug abuse services to women.

5. After deducting the funds allocated in subsections 1, 2, and 4 the remaining funds appropriated in subsection 1 shall be allocated according to the following percentages to supplement appropriations for the following programs within the Iowa department of public health:

- a. Drug abuse programs 38.89 percent
- b. Alcohol abuse programs 38.89 percent
- c. Alcohol and drug abuse prevention programs 22.22 percent

Sec. 2. MATERNAL AND CHILD HEALTH SERVICES APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the Iowa department of public health, the sum of five million four hundred sixty thousand six hundred seventy-two (5,460,672) dollars for the federal fiscal year beginning October 1, 1987. The funds appropriated by this section are the funds anticipated to be received from the federal

government for the designated federal fiscal year under Pub. L. No. 97-35, Title XXI, Subtitle D, as amended, which provides for the maternal and child health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

Of the funds appropriated in this subsection, fifty-three thousand two hundred sixty (53,260) dollars shall be used for audits. The auditor of state shall bill the Iowa department of public health for the cost of the audits.

2. Sixty-three percent of the remaining funds appropriated in subsection 1 shall be allocated to supplement appropriations for maternal and child health programs within the Iowa department of public health. Of these funds, two hundred eight thousand nine hundred fifty (208,950) dollars shall be set aside for the statewide perinatal care program.

Thirty-seven percent of the remaining funds appropriated in subsection 1 shall be allocated to the University of Iowa hospitals and clinics under the control of the state board of regents-for mobile and regional child health specialty clinics; The University of Iowa hospitals and clinics shall not receive an allocation for indirect costs from the funds for this program. Priority shall be given to establishment and maintenance of a statewide system of mobile and regional child-health speciality clinics.

3. An amount not exceeding one hundred fourteen thousand four hundred eighty-six (114,486) dollars of the remaining funds allocated in subsection 2 to the Iowa department of public-health shall be used by the Iowa department of public health for administrative expenses in addition to the amount to be used for audits in subsection 1.

It is the intent of the general assembly that the departments of public health, human services, and education and the University of Iowa's mobile and regional child health specialty clinics continue to pursue to the maximum extent

feasible the coordination and integration of services to women and children in selected pilot areas. It is expected that these agencies prepare a progress report for the general assembly indicating objectives accomplished and barriers encountered in the pursuit of these integration efforts.

4. Those federal maternal and child health services block grant funds transferred from the federal preventive health and health services block grant funds under section 3, subsection 4, of this Act for the federal fiscal year beginning October 1, 1987, are transferred to the maternal and child health programs and to the University of Iowa's mobile and regional child health specialty clinics according to the percentages specified in section 2, subsection 2, of this Act.

5. The Iowa department of public health shall administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the Social Security Act.

Sec. 3. PREVENTIVE HEALTH AND HEALTH SERVICES APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the Iowa department of public health, one million forty-seven thousand four hundred ninety-five (1,047,495) dollars for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title Ix, Subtitle A, which provides for the preventive health and health services block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

Of the funds appropriated in this subsection, five thousand eight hundred eighty (5,880) dollars shall be used for audits. The auditor of state shall bill the Iowa department of public health for the cost of the audits.

2. An amount not exceeding ninety-eight thousand eight hundred seventy (98,870) dollars of the remaining funds appropriated in subsection 1 shall be used by the Iowa department of public health for administrative expenses in addition to the amount to be used for audits in subsection 1.

3. Of the remaining funds appropriated in subsection 1, the specific amount of funds required by Pub. L. No. 97-35, Title IX, Subtitle A, shall be allocated to the rape prevention program.

4. Pursuant to Pub. L. No. 97-35, Title IX, Subtitle A, as amended, seven percent of the remaining funds appropriated in subsection 1 is transferred within the special fund in the state treasury established under section 8.41, for use by the Iowa department of public health as authorized by Pub. L. No. 97-35, Title XXI, Subtitle D, as amended, and section 2 of this Act.

5. After deducting the funds allocated and transferred in subsections 1, 2, 3, and 4, the remaining funds appropriated in subsection 1 shall be allocated for use of the following programs in amounts determined by the Iowa department of public health: fluoridation program, risk reduction services, health incentive program, hypertension program, and emergency medical services.

Sec. 4. ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION APPROPRIATION.

1. There is appropriated from the fund created by section 8.41 to the Iowa department of public health, such amount as is received from the federal government under Pub. L. 99-570 for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section provide for the alcohol and drug abuse treatment and rehabilitation block grant. The

department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding seventeen thousand four hundred (17,400) dollars of the funds appropriated in subsection 1 shall be used by the Iowa department of public health for administrative expenses. From the funds set aside by this subsection for administrative expenses, the Iowa department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the Iowa department of public health for the cost of the audit.

Sec. 5. NARCOTICS CONTROL ASSISTANCE PROGRAM APPROPRIATION.

1. There is appropriated from the fund created in section 8.41 to the Iowa department of public health, two million two hundred ninety thousand (2,290,000) dollars for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section are the anticipated funds to be received from the federal government for the designated fiscal year under Pub. L. 99-570 which provides for the narcotics control assistance program block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding ten percent of the funds appropriated in subsection 1 shall be used by the Iowa department of public health for administrative expenses. From the funds set aside by this subsection for administrative expenses, the Iowa department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state

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shall bill the Iowa department of public health for the cost of the audit.

DIVISION II

Sec. 6. COMMUNITY SERVICES APPROPRIATIONS.

1. a. There is appropriated from the fund created by section 8.41 to the division of community action agencies of the department of human rights, the sum of three million seven hundred ninety-six thousand eight hundred twenty-one (3,796,821) dollars for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title VI, Subtitle B, which provides for the community services block grant. The division of community action agencies of the department of human rights shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

b. The administrator of the division of community action agencies of the department of human rights shall allocate not less than ninety-seven percent of the amount of the block grant to programs benefiting low-income persons based upon the size of the poverty-level population in the area represented by the community action areas compared to the size of the poverty-level population in the state.

2. An amount not exceeding three percent of the Lunds appropriated in subsection 1 for the federal fiscal year beginning October 1, 1987 shall be used by the division of community action agencies of the department of human rights for administrative expenses. From the funds set aside by this subsection for administrative expenses, the division of community action agencies of the department of human rights shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The

auditor of state shall bill the division of community action agencies of the department of human rights for the costs of the audit.

Sec. 7. COMMUNITY DEVELOPMENT APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of economic development, the sum of twenty-four million nine hundred thousand (24,900,000) dollars for the federal fiscal year beginning October 1, 1987. Funds appropriated by this section are the Lunds anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title III, Subtitle A, which provides for the community development block grant. The department of economic development shall expend the funds appropriated by this section as provided in the federal law making the Lunds available and in conformance with chapter 17A.

2. An amount not exceeding nine hundred ninety-one thousand (991,000) dollars for the federal fiscal year beginning October 1, 1987 shall be used by the department of economic development for administrative expenses for the community development block grant. The total amount used for administrative expenses includes four hundred ninety-five thousand five hundred (495,500) dollars for the federal fiscal year beginning October 1, 1987 of funds appropriated in subsection 1 and a matching contribution from the state equal to four hundred ninety-five thousand five hundred (495,500) dollars from the appropriation of state funds for the community development block grant and state appropriations for related activities of the department of economic development. The total administrative expenses at the state level, from both federal and state sources, shall not exceed four percent of the amount appropriated in subsection 1. From the funds set aside for administrative expenses by this subsection, the department of economic development shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use

and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the department of economic development for the costs of the audit.

DIVISION III

Sec. 8. EDUCATION APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of education for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the amount received from Pub. L. No. 97-35, Title V, Subtitle D, chapter 2, not to exceed five million nine hundred forty thousand (5,940,000) dollars, which provides for the education block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. Twenty percent of the funds appropriated in subsection 1, not to exceed one million one hundred eighty-eight thousand (1,188,000) dollars, shall be used by the department for basic skills development, state leadership and support services, educational improvement and support services, special projects, and state administrative expenses and auditing. However, not more than two hundred thousand (200,000) dollars shall be used by the department for state administrative expenses.

3. Eighty percent of the funds appropriated in subsection 1 shall be allocated by the department to local educational agencies in this state, as local educational agency is defined in Pub. L. No. 97-35, Title V, Subtitle D. The amount allocated under this subsection shall be allocated to local educational agencies according to the following percentages and enrollments:

a. Seventy-five percent shall be allocated on the basis of enrollments in public and approved nonpublic schools.

b. Twenty percent shall be allocated on the basis of the number of disadvantaged children in local educational agencies

whose incidence ratio for disadvantaged children is above the state average incidence ratio.

c. Five percent shall be allocated on the basis of the number of limited English speaking children whose language imposes a barrier to learning.

Sec. 9. Funds appropriated in section 8 of this Act shall not be used to aid schools or programs that illegally discriminate in employment or educational programs on the basis of sex, race, color, national origin, or disability.

DIVISION IV

Sec. 10. LOW-INCOME HOME ENERGY ASSISTANCE APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the division of community action agencies of the department of human rights, the sum of thirty-five million four hundred ninety thousand nine hundred sixteen (35,490,916) dollars for the fiscal year beginning October 1, 1987. The funds appropriated by this section are the funds anticipated to be received from the federal government for the designated federal fiscal years under Pub. L. No. 97-35, Title XXVI, as amended by Pub. L. No. 98-558, which provides for the low-income home energy assistance block grants. The division of community action agencies of the department of human rights shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding two million eight hundred ninety-two thousand (2,892,000) dollars or nine percent of the funds appropriated in subsection 1, whichever is less, may be used for administrative expenses, not more than two hundred ninety thousand (290,000) dollars of which shall be used for administrative expenses of the division of community action agencies of the department of human rights. From the total funds set aside by this subsection for administrative expenses, an amount sufficient to pay the cost of an audit of the use and administration of the state's portion of the funds

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appropriated is allocated for that purpose. The auditor shall bill the division of community act on agencies of the department of human rights for the costs of the audit.

3. The remaining funds appropriated in this section shall be allocated to help eligible households, as defined in accordance with Pub. L. No. 97-35, as amended by Pub. L. No. 98-558, to meet the costs of home energy. After reserving a reasonable portion of the remaining funds not to exceed one million (1,000,000) dollars to carry forward into the federal fiscal year beginning October 1, 1988, at least ten percent and not more than fifteen percent of the funds appropriated by this section shall be used for low-income residential weatherization or other related home repairs for low-income households.

4. An eligible household must be willing to allow residential weatherization or other related home repairs in order to receive home energy assistance. If the eligible household resides in rental property, the unwillingness of the landlord to allow residential weatherization or other related home repairs shall not prevent the household from receiving home energy assistance.

DIVISION V

Sec. 11. SOCIAL SERVICES APPROPRIATIONS.

1. There is appropriated from the fund created by section 8.41 to the department of human services, the sum of thirty-three million eighty-four thousand nine hundred seventy-two (33,084,972) dollars for the fiscal year beginning October 1, 1987. Funds appropriated by this subsection are the funds, other than the funds appropriated in subsection 3, anticipated to be received from the federal government for the designated federal fiscal year under Pub. L. No. 97-35, Title XXIII, Subtitle C, as codified in 42 U.S.C. sections 1397-1397f, which provides for the social services block grant. The department of human services shall expend the funds appropriated by this subsection as provided in the Federal law

making the funds available and in conformance with chapter 17A.

2. Not more than one million nine hundred seven thousand nine hundred thirty-two (1,907,932) dollars of the funds appropriated in subsection 1 shall be used by the department of human services for general administration for the federal fiscal year beginning October 1, 1987. From the funds set aside by this subsection for general administration, the department of human services shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the department of human services for the costs of the audit.

3. In addition to the allocation for general administration in subsection 2, the remaining funds appropriated in subsection 1 shall be allocated to supplement appropriations for the federal fiscal year beginning October 1, 1987 for the following programs within the department of human services:

	1987-1988
	Federal
	<u>Fiscal Year</u>
a. Field operations	\$ 13,068,647
b. Home-based services	\$ 153,002
c. Foster care	\$ 4,847,444
d. Community-based services	\$ 776,329
e. Local administrative costs and other local services	\$ 12,199,070
f. Volunteers	\$ 132,548

Sec. 12. SOCIAL SERVICES BLOCK GRANT PLAN. The department of human services during each fiscal year shall develop a plan for the use of federal social services block grant funds for the subsequent state fiscal year.

The proposed plan shall include all programs and services at the state level which the department proposes to fund with

federal social services block grant funds, and shall identify state and other funds which the department proposes to use to fund the state programs and services.

The proposed plan shall also include all local programs and services which are eligible to be funded with federal social services block grant funds, the total amount of federal social services block grant funds available for the local programs and services, and the manner of distribution of the federal social services block grant funds to the counties. The proposed plan shall identify state and local funds which will be used to fund the local programs and services.

The proposed plan shall be submitted with the department's budget requests to the governor and the general assembly.

DIVISION VI

Sec. 13. PROCEDURE FOR REDUCED FEDERAL FUNDS.

1. Except for section 8 of this Act, if the funds received from the federal government for the block grants specified in this Act are less than the amounts appropriated, the funds actually received shall be prorated by the governor for the various programs, other than for the rape prevention program under section 3, subsection 3, of this Act, for which each block grant is available according to the percentages that each program is to receive as specified in this Act. However, if the governor determines that the funds allocated by the percentages will not be sufficient to effect the purposes of a particular program, or if the appropriation is not allocated by percentage, the governor may allocate the funds in a manner which will effect to the greatest extent possible the purposes of the various programs for which the block grants are available.

2. Before the governor implements the actions provided for in section 1, the following procedures shall be taken:

a. The chairpersons and ranking members of the standing committees of the senate and house on appropriations, the director of the legislative fiscal bureau, and the appropriate

chairpersons and ranking members of subcommittees of those committees shall be notified of the proposed action.

b. The notice shall include the proposed allocations, and information on the reasons why particular percentages or amounts of funds are allocated to the individual programs, the departments and programs affected, and other information deemed useful. Chairpersons notified shall be allowed at least two weeks to review and comment on the proposed action before the action is taken.

Sec. 14. PROCEDURE FOR INCREASED FEDERAL FUNDS.

1. If funds received from the federal government in the form of block grants exceed the amounts appropriated in sections 1, 2, 3, 4, and 5, section 8, subsection 3, and section 11, subsection 1 of this Act, the excess shall be prorated to the appropriate programs according to the percentages specified in those sections, except additional funds shall not be prorated for administrative expenses.

2. If funds received from the federal government from block grants exceed the amounts appropriated in section 10 of this Act, at least ten percent and not more than fifteen percent of the excess shall be allocated to the low-income weatherization program.

3. If funds received from the federal government in the form of block grants exceed the amounts appropriated in section 7 of this Act, one hundred percent of the excess is appropriated to the community development block grant program. Not more than two percent of the excess may be used for additional administrative expenses if the amount or any portion of it is equally matched by the current state appropriation for related activities of the department of economic development.

4. If funds received from the federal government from community services block grants exceed the amounts appropriated in section 6 of this Act, one hundred percent of the excess is allocated to the community services block grant program.

Sec. 15. PROCEDURE FOR CONSOLIDATED, CATEGORICAL, OR EXPANDED FEDERAL BLOCK GRANTS. Notwithstanding section 8.41, federal funds made available to the state which are authorized for the federal fiscal year beginning October 1, 1987 resulting from the federal government consolidating former categorical grants into block grants, or which expand block grants included in Pub. L. No. 97-35, to include additional programs formerly funded by categorical grants, which are not otherwise appropriated by the general assembly, are appropriated for the programs formerly receiving the categorical grants, subject to the conditions of this section. The governor shall, whenever possible, allocate from the block grant to each program in the same proportion as the amount of federal funds received by the program during the 1987 federal fiscal year as modified by the 1987 Session of the Seventy-second General Assembly for the fiscal year beginning July 1, 1987 compared to the total federal funds received in the 1987 federal-fiscal year by all programs consolidated into the block grant. However, if one agency did not have categorical funds appropriated for the federal fiscal year ending September 30, 1987 but had anticipated applying for funds during the fiscal year ending September 30, 1988, the governor may allocate the funds in order to provide funding.

If the amount received in the form of a consolidated or expanded block grant is less than the total amount of federal funds received for the programs in the form of categorical grants for the 1987 federal fiscal year, state funds appropriated to the program by the general assembly to match the federal funds shall be reduced by the same proportion of the reduction in federal funds for the program. State funds released by the reduction shall be deposited in a special fund in the state treasury and are available for appropriation by the general assembly. The governor shall notify the chairpersons and ranking members of the senate and house committees on appropriations, the legislative fiscal director,

and the appropriate chairpersons and ranking members of the subcommittees of those committees before making the allocation of federal funds or any proportional reduction of state funds under this section. The notice shall state the amount of federal funds to be allocated to each program, the amount of federal funds received by the program during the 1987 federal fiscal year, the amount by which state funds for the program will be reduced according to this section and the amount of state funds received by the program during the 1987 fiscal year. Chairpersons notified shall be allowed at least two weeks to review and comment on the proposed action before the action is taken.

If the amount received in the form of a consolidated or expanded block grant is more than the total amount of federal funds received for the programs in the form of categorical grants for the 1987 federal fiscal year, the excess funds shall be deposited in the special fund created in section 8.41 and are subject to the provisions of that section.

Sec. 16. 1986 Iowa Acts, chapter 1250, is amended by adding the following new sections:

SEC. ____ . ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION APPROPRIATION.

1. There is appropriated from the fund created by section 8.41 to the Iowa department of public health, such amount as is received from the federal government under Pub. L. 99-570 for the federal fiscal year beginning October 1, 1986. Funds appropriated by this section provide for the alcohol and drug abuse treatment and rehabilitation block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding seventeen thousand four hundred (17,400) dollars of the funds appropriated in subsection 1 shall be used by the Iowa department of public health for administrative expenses. From the funds set aside by this

subsection for administrative expenses, the Iowa department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the Iowa department of public health for the cost of the audit.

SEC. ____ . NARCOTICS CONTROL ASSISTANCE PROGRAM APPROPRIATION.

1. There is appropriated from the fund created in section 8.41 to the Iowa department of public health, two million two hundred ninety thousand (2,290,000) dollars for the federal **fiscal year** beginning October 1, 1986. Funds appropriated by this section **are** the anticipated funds to be received from the federal government for the designated fiscal year under Pub. L. 99-570 which provides for the narcotics control assistance program, block grant. The department shall expend the funds appropriated by this section as provided in the federal law making the funds available and in conformance with chapter 17A.

2. An amount not exceeding ten percent of the funds appropriated in subsection 1 shall be used by the Iowa department of public health for administrative expenses. From the funds set aside by this subsection for administrative expenses, the Iowa department of public health shall pay to the auditor of state an amount sufficient to pay the cost of auditing the use and administration of the state's portion of the funds appropriated in subsection 1. The auditor of state shall bill the Iowa department of public health for the cost of the audit.

Sec. 17. 1985, Iowa Acts, chapter 268, section 2, subsection 2, unnumbered paragraph 1, is amended to read as follows:

2. Sixty-three percent of the funds appropriated in subsection 1 shall be allocated to supplement appropriations

for maternal and child health programs within the personal and family health division of the state department of health. Of these funds, forty-eight thousand seven hundred twenty (48,720) dollars shall be set aside for sudden infant death syndrome, ~~twenty-five-thousand-(25,000)-dollars-shall-be-set aside-for-a-head-poisoning-prevention-program~~, and two hundred eight thousand nine hundred fifty (208,950) dollars shall be set aside for the statewide perinatal care program.

JO ANN ZIMMERMAN
President of the Senate

WNALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 513, Seventy-second General Assembly.

JOHN F. DUYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

SF 513

SENATE FILE 515

AN ACT

RELATING TO THE ALLOCATIONS AND APPROPRIATIONS OF LOTTERY REVENUES AND THE PROGRAMS FOR WHICH THE REVENUES MAY BE USED.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 99E.9, Code 1987, is amended by adding the following new subsection:

. NEW SUBSECTION. In making decisions relating to the marketing or advertising of the Iowa lottery and the various games offered, the board shall give consideration to marketing or advertising through Iowa-based advertising agencies and media outlets.

Sec. 2. Section 99E.10, subsection 1, unnumbered paragraph 3, Cod; 1987, is amended to read as follows:

The Iowa plan fund for economic development, also to be known as the Iowa plan 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 fund on a quarterly monthly basis. Revenues generated during the last quarter month of the fiscal year which are transferred to the Iowa plan 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 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 quarterly monthly transfer to the Iowa plan 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 fund in the same manner as other lottery revenue. Money in the Iowa plan 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 fund and shall be retained in the fund unless appropriated by the general assembly.

Sec. 3. Section 99E.20, subsection 2, Code 1987, 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 quarterly monthly that portion of the fund that is transferred to the Iowa plan fund under section 99E.10 and shall cause that portion to be transferred to the Iowa plan 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 fund.

Sec. 4. Section 99E.31, subsection 2, unnumbered paragraph 2, Code 1987, is amended by striking the paragraph and inserting in lieu thereof the following:

Only a political subdivision of the state may apply to receive funds for any of the above purposes. The political subdivision shall make application to the department of economic development specifying the purpose for which the funds will be used. In ranking applications for funds, the department shall consider a variety of factors including, but not limited to:

- (1) The proportion of local match to be provided.

(2) The proportion of private contribution to be provided, including the involvement of financial institutions.

(3) The total number of jobs to be created or retained.

(4) The size of the business receiving assistance. The department shall award more points to small businesses as defined by the United States small business administration.

(5) The potential for future growth in the industry represented by the business being considered for assistance.

(6) The need of the business for financial assistance from governmental sources. More points shall be awarded to a business which the department determines that governmental assistance is most necessary to the success of the project.

(7) The quality of the jobs to be created. In rating the quality of the jobs the department shall award more points to those jobs that have a higher wage scale, have a lower turnover rate, are full-time or career-type positions, or have other related factors.

(8) More points shall be awarded for providing loans over grants. Loans in excess of fifty thousand dollars involving a city or county, if the city or county has established a special economic development fund to which repayments of interest would be credited and from which moneys would be used solely for additional economic development projects or purposes, shall be made on the following terms: principal payments shall be paid to the community economic betterment account; interest payments shall be paid to the city or county making the loan; and the city or county shall supervise and enforce the terms of the loan and the cost of supervision and enforcement shall be borne and paid by the city or county from funds other than those received as interest payments on economic development loans. The department shall document all repayments of project loans made through the community economic betterment program. During each legislative session the department shall report to the economic development appropriation subcommittees concerning the expected loan repayments to be collected for the respective fiscal year and

the nature and purposes of how the funds resulting from the loan repayments are to be expended.

(9) The level of need of the political subdivision.

(10) The impact of the proposed project on the economy of the political subdivision.

(11) The impact of the proposed project on other businesses in competition with the business being considered for assistance. The department shall identify existing businesses within an industry in competition with the business being considered for assistance. The department shall determine the probability that the proposed financial assistance will displace employees of the existing businesses and shall consider the level of excess production capacity within an industry when making this determination. In determining the impact on businesses in competition with the business being considered for assistance, jobs created as a result of other jobs being displaced elsewhere in the state shall not be considered direct jobs created.

(12) The level of compliance of the business with OSHA and other business safety regulations, the quality of the business' relations with labor, the level of fairness in its dealings with its employees, and the amount of business ethics shown by the business.

The department shall not provide more than one million dollars for any project, unless at least two-thirds of the members of the economic development board vote for providing more. However, after the first ten million dollars in the community economic betterment account have been provided to political subdivisions, the amount that may be provided by the department for a project from additional moneys credited to that account is not subject to the one million dollar limitation.

Sec. 5. Section 99E.31, subsection 4, paragraph a, Code 1987, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. In addition to the other proposals mentioned, an institution under the control of the state board of regents, a merged area school, or an independent college or university in the state may apply for a grant for an applied research project. An applied research project is limited to specific research or the testing of an idea, process, or product to determine the potential for feasible commercial applications. Institutions under the control of the state board of regents, the merged area schools, and the independent colleges and universities shall submit their proposals directly to the Iowa high technology council. The Iowa high technology council shall receive and evaluate the applied research project proposals from the merged area schools, independent colleges and state universities and make recommendations to the Iowa department of economic development. Applied research project proposals may be in, but are not limited to, the following areas of research:

- (1) Management development.
- (2) Biotechnology.
- (3) Microelectronics.
- (4) Genetics.
- (5) Molecular biology.
- (6) Laser science.
- (7) Third crop development.
- (8) Productivity enhancement/process controls.
- (9) Energy alternatives.

NEW UNNUMBERED PARAGRAPH. In the ranking of applied research project proposals, the Iowa department of economic development shall consider all of the following:

- (1) Level of private sector support, assistance, or participation in the project.
- (2) The commercial feasibility of the project.
- (3) The potential of the commercial feasibility of the project to diversify the economic base of Iowa.
- (4) The technical feasibility of the project.

(5) Matching funds from other sources.

Funded applied research projects shall be given priority by the Iowa department of economic development in receiving product development funds or other department services or assistance designed to promote or encourage the development of new products or new businesses; by the state board of regents in receiving admission into campus incubators, assistance from the small business development centers, or other services or assistance designed for developing new products or new businesses; and by the community colleges in receiving small business job training programs or other assistance designed for developing new products or new businesses.

Sec. 6. Section 99E.32, subsection 1, paragraphs a and b, Code 1987, are amended to read as follows:

a. In the fiscal year beginning July 1, 1986 the first three million four hundred thirty-eight thousand dollars, in the fiscal year beginning July 1, 1987 the first one six million six hundred seventy-five thousand dollars, in the fiscal year beginning July 1, 1988 the first one three million seven hundred fifty thousand dollars and in the fiscal year beginning July 1, 1989 the first one three million seven hundred fifty thousand dollars to the jobs now capitals account.

b. In each of the four fiscal years after the allotment in paragraph "a", ten million dollars to the community economic betterment account?; for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, eight million five hundred fifty thousand dollars, ~~eight million three hundred seventy-five thousand dollars~~, seven million nine hundred thousand dollars, and seven million nine hundred thousand dollars, respectively, to the jobs now account; and for the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989, twelve million five hundred thousand dollars, seven million four hundred thousand dollars, eleven million five hundred thousand dollars, and eleven million two hundred fifty thousand dollars, respectively, to

the education and agriculture research and development account. ~~However, the allotment to the jobs now account for the fiscal year beginning July 1, 1986 shall be eight million five hundred fifty thousand dollars.~~

Sec. 7. Section 99E.32, subsection 3, Code 1987, is amended to read as follows:

3. There are appropriated moneys in the jobs now account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section 99E.33 to be used for the following purposes:

a. To the natural resource commission for the purposes designated in section 99E.31, subsection 3, paragraph "a". For the fiscal year beginning July 1, 1986, the amount appropriated is two million five hundred thousand dollars. For the fiscal year beginning July 1, 1987, the amount appropriated is two million dollars.

b. To the Iowa product development fund for the purposes provided in section 28.89. For the fiscal year beginning July 1, 1987, the amount appropriated is one million five hundred thousand dollars.

c. To the department of cultural affairs for the purposes designated in section 998.31, subsection 3, paragraph d. For the fiscal year beginning July 1, 1987, the amount appropriated is six hundred seventy-five thousand dollars.

d. To the Iowa department of economic development for the purposes designated in section 998.31, subsection 3, paragraph "e". For the fiscal year beginning July 1, 1986, the amount appropriated is two million six hundred thousand dollars. For the fiscal year beginning July 1, 1987, the amount appropriated is two million fifty thousand dollars to be used for the purposes and in the amounts as follows:

(1) Satellite centers under section 28.101, one million one hundred twenty-five thousand dollars of which fifty thousand dollars shall be used by the department to hire a

rural development coordinator; forty-five thousand dollars for an informational referral center; and ninety-five thousand dollars for model rural development projects.

(2) Federal procurement offices, one hundred thousand dollars.

(3) Iowa main street program, two hundred seventy-five thousand dollars.

(4) Technical assistance for businesses for purposes of the federal small business innovation research grants program, two hundred fifty thousand dollars of which fifty thousand dollars shall be expended to develop and operate a small business information center.

(5) Business incubators, three hundred thousand dollars. The funds shall be used to provide for operations of existing incubators and for the establishment of at least one new incubator in the fiscal year. The department will award grants to universities, community colleges, and local communities on an annual basis. In awarding the grants, the department shall consider the incubator's plan to become self-sufficient from the need for further grants within three years of its start-up. Future grants shall be contingent upon how the incubator is succeeding in becoming self-sufficient. The local community, university, or college is required to match the state's grant on a dollar for dollar basis.

e. For the fiscal year beginning July 1, 1986 only, the sum of two hundred thousand dollars for the targeted small business loan guarantee program established pursuant to section 220.111.

f. For the fiscal year years beginning July 1, 1986 and July 1, 1987 only, to the Iowa conservation corps account the sum of one million dollars and seven hundred fifty thousand dollars, respectively. Of the funds appropriated under this paragraph, five hundred thousand dollars shall be used for a summer jobs program for young adults, as a part of the Iowa youth corps and designed to provide part-time public service employment to work on conservation-oriented projects.

g. ~~To~~ for the fiscal years beginning July 1, 1988 and July 1, 1989 only, to the Iowa department of economic development, one million dollars for purposes of administration of the "young adult program" of the Iowa conservation corps, established in section 15.225.

Sec. 8. Section 99E.32, subsection 3, Code 1987, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. h. For the fiscal year beginning July 1, 1987 only, to the advance account of the area school job training fund established in section 280C.6, one million dollars.

NEW LETTERED PARAGRAPH. i. For the fiscal year beginning July 1, 1987 only, to the department of agriculture and land stewardship the sum of three hundred thousand dollars for developing pilot public/private partnerships to assist Iowa producers of agricultural products in the promotion, marketing, and selling of agricultural products to local and regional markets.

NEW LETTERED PARAGRAPH. j. For the fiscal year beginning July 1, 1987 only, to the department of agriculture and land stewardship the sum of one hundred thousand dollars, or so much as is necessary, to provide a grant to the organizers from the 1988 world ag expo in the Amana colonies.

Sec. 9. Section 993.32, subsection 4, Code 1987, is amended to read as follows:

4. There are appropriated moneys in the education and agriculture research and development account for each of the fiscal years beginning July 1, 1986, July 1, 1987, July 1, 1988, and July 1, 1989 to the following funds, agencies, boards or commissions in the amounts, or so much thereof as may be necessary, as provided in section ~~99E.33~~ to be used for the following purposes:

a. To the Iowa college aid commission for the forgivable loan program established in sections 261.71 to 261.73. For the fiscal year beginning July 1, 1986, the amount appropriated is seven hundred fifty thousand dollars.

Notwithstanding subsection 7, any moneys not expended under this paragraph by June 30, 1987 shall not be used for purposes of this paragraph but shall be transferred and used for the purposes described in paragraph "c" for the fiscal year beginning July 1, 1987. For the fiscal year beginning July 1, 1987, no amount is appropriated.

b. To the Iowa department of economic development for the purposes and under the conditions specified in section 99E.31, subsection 4, paragraph "a". For the fiscal year beginning July 1, 1986, the amount appropriated is ten million seven hundred fifty thousand dollars. For the fiscal year beginning July 1, 1987, the amount appropriated is seven million dollars of which five hundred thousand dollars shall be allocated to the Iowa State University of science and technology for the national center for food and industrial agricultural product development; and two hundred fifty thousand dollars shall be allocated to the University of Northern Iowa for the decision making science institute.

c. To the Iowa college aid commission for the purposes and under the conditions specified in section 991.31, subsection 4, paragraph "b". For the fiscal year beginning July 1, 1987, no amount is appropriated. However, the funds transferred under paragraph "a" are available for use under this paragraph for the fiscal year beginning July 1, 1987.

d. For the fiscal years beginning July 1, 1987 and July 1, 1988 only, to the Iowa peace institute, the sum of two hundred fifty thousand dollars each fiscal year for salaries, support, and maintenance provided, and to the extent that, the appropriations are matched dollar for dollar by the Iowa peace institute. The peace institute shall not use any of the state funds for the construction or purchase of real property.

e. For the fiscal years beginning July 1, 1987, July 1, 1988, and July 1, 1989 to the Iowa State University of science and technology, the sum of one hundred fifty thousand dollars for each fiscal year for allocation to the Iowa State University ~~ater~~ resource research institute for a subsurface

water and nutrient management system. This research shall concentrate its efforts on providing optimum soil water table level throughout the growing season, reduction of nitrates in Iowa's surface and subsurface waters, reduction of Iowa's dependency on subsurface water for irrigation, increasing productivity of selected Iowa soils for selected crops. The Iowa State University water resource research institute shall administer the research funds and report to the general assembly by February 1 of each year, on the program's progress and results.

Sec. 10. Section 991.32, subsection 5, paragraphs c and h, Code 1987, are amended to read as follows:

c. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year years beginning July 1, 1986 and July 1, 1987 to the Iowa state university of science and technology for funding for the small business development centers the sum of seven hundred thousand dollars and eight hundred twenty-five thousand dollars, respectively.

h. There is appropriated from the allotment made to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1986 to the legislative council for the use of the world trade advisory committee the sum of one hundred twenty-five thousand dollars, or so much thereof as is necessary, to pay expenses of the members of the committee and other expenses approved by the committee. Notwithstanding subsection 7, any moneys not expended under this paragraph by June 30, 1987 shall revert-to-the-Sows-pfsn-fand-to-be allotted be transferred for the fiscal year beginning July 1, 1987 to the various-accounts-in-the-iowa-plan-fund department of economic development for a labor management council for which the department may contract out.

Sec. 11. Section 99E.32, subsection 5, Code 1987, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. i. There is appropriated from the allotment to the jobs now capitals account under subsection 1

for the fiscal year beginning July 1, 1987 to the Iowa department of economic development the sum of two million dollars for the establishment of welcome centers as provided in 1987 Iowa Acts, House File 540. Of the amounts appropriated, sixty thousand dollars shall be used for the establishment of rural centers to be located in or near communities with populations of five thousand or less. Not more than twenty thousand dollars shall be expended for each center. The local communities are required to equally match state funds.

NEW LETTERED PARAGRAPH. j. There is appropriated from the allotment to the jobs now capitals account under subsection 1 for construction, equipment, renovation, and other costs associated with buildings in the capitol complex the sum of two million seven hundred fifty thousand dollars for each of the fiscal years beginning July 1, 1987; July 1, 1988; and July 1, 1989 to the department of general services. Of the total funds appropriated, seven hundred fifty thousand dollars shall be utilized to pay costs of equipping the new historical building and the costs of moving exhibits into that building; the funds shall next be used to construct and equip additional space for the general assembly as approved by the legislative council; and the remaining funds shall be used for renovation and remodeling of buildings in the capitol complex.

NEW LETTERED PARAGRAPH. k. There is appropriated from the allotment to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1987 to the department of public defense for the purpose of the armory in Algona the sum of fifty thousand dollars.

NEW LETTERED PARAGRAPH. l. There is appropriated from the allotment to the jobs now capitals account under subsection 1 for the fiscal year beginning July 1, 1987 to the department of public defense for the purpose of the armory in Denison the sum of fifty thousand dollars:

Sec. 12. Section 99E.32, subsection 7, Code 1987, is amended to read as follows:

7. The moneys appropriated in subsections 2, 3, 4 and 5 shall remain in the appropriate account of the Iowa plan fund until such time as the agency, board, commission, or overseer of the 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. ~~The treasurer shall withdraw this amount from the amount appropriated to that entity and remit it to the entity not earlier than thirty days after receipt of the request.~~ Notwithstanding section 8.33, moneys remaining of the appropriations made for a fiscal year from any of the accounts within the Iowa plan 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.

Sec. 1.3. Section 99E.32, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 9. All agencies, boards, commissions, or overseers of funds to which moneys are appropriated under this section shall report to the legislative fiscal bureau by October 10, January 10, April 10, and July 10 for each quarter ending September 30, December 31, March 31, and June 30 of the fiscal year for which the funds are appropriated. The legislative fiscal bureau shall determine the necessary financial and program information to be transmitted to the general assembly.

Sec. 14. Section 28.101, subsection 2, unnumbered paragraph 1, Code 1987, is amended to read as follows:

To aid in fulfilling the purpose of the primary research and marketing center for business and international trade, the department may provide grants to establish satellite centers throughout the state. To facilitate establishment of satellite centers, the state is divided up into fifteen regional economic delivery areas which have the same area boundaries as merged areas, as defined in section 280A.2, in

existence on May 3, 1985. Each regional delivery area wishing to receive a grant from the department to establish a satellite center in its area shall create a regional coordinating council which shall develop a plan for the area to coordinate all federal, state, and local economic development services within the area. After developing this plan, the council may seek a grant for a satellite center by submitting the coordinating plan and an application for a grant to the department. A grant shall not be awarded within the regional economic delivery area without the approval of the regional coordinating plan by the department. The department may rescind its approval of a regional coordinating plan upon thirty days notice, if the department determines that the stated purpose of the plan is not being carried out. The department may then accept an alternative proposal for a regional coordinating plan. If a regional coordinating council is awarded a grant for a satellite center, it shall employ a center director at the satellite center. The regional coordinating councils shall have sole authority to hire the director of the satellite centers. If, in the opinion of the department, the director of any satellite center is not fulfilling the regional coordinating plan, the department may rescind its approval of the plan. The center director's duties and responsibilities include the following:

Sec. 15. NEW SECTION. 38.1 PEACE INSTITUTE.

A corporate body called the "Iowa Peace Institute" is created. The institute is an independent nonprofit public instrumentality and the exercise of the powers granted to the institute as a corporation in this chapter is an essential governmental function. As used in this chapter "institute" means the "Iowa Peace Institute". The purposes of the institute include but are not limited to the following:

1. Provide statewide leadership in promoting the establishment of the United States institute of peace in Iowa.
2. Develop programs that promote peace among nations.

3. Cooperate with the efforts of institutions of higher education in the state in providing courses in the history, culture, religion and language of world communities.

4. Encourage development of courses in the art of negotiation and conflict resolution without the use of violence.

5. Maintain a roster of specialists in world trouble areas to lecture, hold seminars, and participate in designing alternate policy options.

6. Develop alternative strategies for settling international disputes which could be proposed to or contracted for by the United States and other governments.

7. Contract with persons or business organizations to facilitate their engaging in International commerce.

Sec. 16. NEW SECTION. 38.2 GOVERNING BOARD.

The institute shall be administered by a governing board which shall consist of not less than fifteen members nor more than twenty-five members as determined by the bylaws of the institute. The bylaws shall also provide for the method of selection of the members except that seven members shall be appointed as follows:

1. Three members shall be appointed by the governor.
2. One member shall be selected by the majority leader of the senate.
3. One member shall be selected by the minority leader of the senate.
4. One member shall be selected by the speaker of the house of representatives.
5. One member shall be selected by the minority leader of the house of representatives.

Members shall serve a term of four years. Vacancies shall be filled for the unexpired portion of the term.

Sec. 17. NEW SECTION. 38.3 NONPROFIT CORPORATION.

The institute as a corporation has perpetual succession until the existence of the corporation is terminated by law. If the corporation is terminated, the rights and properties of

the corporation shall pass to the state. However, debts and other financial obligations shall not succeed to the state.

Sec. 18. NEW SECTION. 38.4 DUTIES OF THE BOARD.

The governing board, within the limits of the funds available to it, shall:

1. Employ an executive director to administer the activities of the institute and employ support personnel as necessary.
2. Approve plans relating to the purposes for which the institute is established.
3. Execute contracts with public and private agencies relating to the purposes for which the institute is established.
4. Perform other functions necessary to carry out the purposes of the institute.
5. Establish advisory committees to assist the institute in carrying out its purposes.
6. Provide an annual report to the governor and the general assembly.

Sec. 19. NEW SECTION. 38.5 GIFTS -- GRANTS.

The institute may accept grants, gifts, and bequests, including but not limited to appropriations, federal funds, and other funding available for carrying out the purposes of the institute.

Sec. 20.

1. It is the intent of the general assembly that the department of economic development, in its administration of the community economic betterment account grant program, shall conform its activities to the mission, goals, and objectives provided in this section and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the economic development appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

2. The department exists to enhance the economic development of the state and provide for job creation and increased prosperity and opportunities for the citizens of the state by providing direct financial and technical assistance and training to businesses and individuals by coordinating other state, local, and federal economic development programs.

3. The department's goals includes the diversification and expansion of the state's economic base and to retain businesses which currently make up that economic base to accomplish the following objectives:

- a. To assist businesses that add diversity to and generate new opportunities for the state economy.
- b. To attract, retain, and expand businesses that produce exports or import substitutes, including businesses which purchase a larger share of their products from Iowa producers which should receive a higher priority.
- c. To assist businesses whose products or services do not necessarily have to be produced in this state.
- d. To assist businesses which pay higher wages.
- e. To assist businesses who produce value-added products and services.

4. The community economic betterment account grant program elements which will be reviewed by the legislative fiscal bureau as performance indicators include:

- a. The total amount of community economic betterment funds available.
- * b. The total number of businesses assisted.
- c. The total number of jobs retained.
- d. The total number of jobs created.
- e. The total amount of funds leveraged from outside sources.
- f. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department as existing businesses which change or expand product lines and effectively reduce the dominance of the Iowa economy by agriculture or agriculture-related industries.

g. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department as start-up businesses which effectively reduce the dominance of the Iowa economy by agriculture or agriculture-related industries.

h. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department as relocated businesses which effectively reduce the dominance of the Iowa economy by agriculture or agriculture-related industries.

i. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department as businesses that produce agriculture-related value-added products and services.

j. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department that produce exports or import substitutes.

k. The number and dollar amount of grants and loans and number of jobs associated with CEBA-assisted businesses identified by the department that would not necessarily have to produce products and services in Iowa.

1. The number and dollar amount of grants and loans and number of jobs associated with the range of wages and benefits paid by businesses which received CEBA funds.

Sec. 21. Section 99E.32, subsection 2, paragraph h, as enacted by 1987 Iowa Acts, House File 355, section 29, is amended to read as follows:

h. For the fiscal year years beginning on July 1, 1986 and July 1, 1987 the department shall establish a pilot program entitled the new business opportunity program to provide financial and technical assistance to emerging businesses and industries that expand and diversify the state's economic base. Assistance may be in any form authorized under the community economic betterment account and the department may allocate for each of those fiscal years up to one million dollars of the account's funds for the pilot program.

Sec. 22. 1986 Iowa Acts, chapter 1190, section 10, is repealed.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 515, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211

June 7, 1987

The Honorable Elaine Baxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit Senate File 515, an acting relating to the allocations and appropriations of lottery revenues and the programs for which the revenues may be used.

Senate File 515, makes appropriations from lottery revenues to the various accounts of the Iowa Plan Fund. I am pleased that the General Assembly, for the most part, maintained our commitment to use the lottery funds for economic development and job creation activities. However, the language included in this legislation unwisely restricts the use of these funds for job creation purposes, provides funds for the construction of a legislative underground office facility which has little, if any, positive economic development impact, and inappropriately involves the legislative branch in executive branch management activities.

Senate File 515 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the items designated as Section 4, Subsections 8, 11 in their entirety and the first paragraph of Subsection 12.

Subsections 8, 11 and a portion of 12 of Section 4 of Senate File 515 provide unnecessary restrictions on the ability of the Department of Economic Development to provide community economic betterment account funds. These funds are provided to local communities to assist in job creation efforts. One of the values of this program has been its flexibility -- the Department is able to act quickly and responsibly in the race for new jobs.

The Honorable Elaine Baxter
June 7, 1987
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Subsections 8, 11 and 12 would greatly hamper the ability of the Department of Economic Development to respond quickly to an opportunity for new job creation in the state. Subsection 10 would require large upfront loans to eligible businesses which would quickly dry up available funds. While loans should be used where economically feasible, the department should retain the flexibility to use either grants or loans.

Subsection 11 requires a detailed competitive impact assessment before funds are authorized. The competitive impacts of CEB grants should and are a part of the department's decision-making process. However, the detailed restrictions imposed in Subsection 11 would greatly limit the ability of the department to act quickly in response to an economic development opportunity.

In addition, the designated portion of Subsection 12 would require the department to do an exhaustive analysis of each company's labor relations and "business ethics" record prior to providing assistance to create jobs. Such standards are illusory and could tie the department up into bureaucratic knots when speed and decisiveness are needed to obtain new jobs.

Taken together, these subsections could well cost Iowa jobs in the future by unnecessarily restricting the use of community economic betterment funds. They must therefore be disapproved.

I am unable to approve the item designated as that portion of Section 11, New Lettered Paragraph, j, which reads as follows: "the funds shall next be used to construct and equip additional space for the general assembly as approved by the legislative council;" .

This item of Senate File 515 provides funds for the construction of an underground office building for the General Assembly. The General Assembly has also provided appropriations for the next several fiscal years to complete this multi-million construction project. Given the state's tight fiscal condition and the need for additional funds for economic development and other important priorities, I cannot approve this measure to construct a new legislative office building.

Lottery funds are to be used for economic development purposes. Constructing an underground office facility for the expansion of the General Assembly is not the type of job creation Iowans had in mind when the lottery funding package was first developed. For that reason, I cannot approve this item.

The Honorable Elaine Baxter
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I am unable to approve the item designated as Section 13 in its entirety.

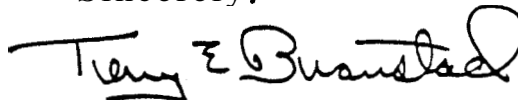
Section 13 of Senate File 515 requires all the agencies, boards and commissions which receive funds from the lottery to provide frequent reports to the legislative fiscal bureau. This is an excessive level of reporting and would limit the ability of the managers of these funds to appropriately administer the programs within the executive branch's discretion. Therefore, I cannot approve this item.

I am unable to approve the item designated as Section 20 in its entirety. Section 20 of Senate File 515 imposes burdensome performance measures and reporting requirements on the Department of Economic Development. The type of management related goals, and reporting mechanisms included in the bill are the essence of executive branch administrative discretion. The Department of Management has developed performance measures for each department. The results of these measures can be shared at appropriate times with the Legislative branch.

In addition, the Department of Economic Development will respond to appropriate requests for information from the legislature regarding the implementation of economic development programs. However, the administration of programs must remain an executive branch prerogative without the encroachment incorporated in Section 20 of Senate File 515.

For the above reasons, I hereby respectfully disapprove of these items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 515 are hereby approved as of this date.

Sincerely,



Terry E. Branstad
Governor

TLB:cc

SENATE FILE 517

AN ACT

RELATING TO STATE AGENCIES RECEIVING PETROLEUM OVERCHARGE FUNDS
AND APPROPRIATING PETROLEUM OVERCHARGE FUNDS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. There is appropriated for the fiscal year beginning July 1, 1987 and ending June 30, 1989, the following amounts, or so much thereof as is necessary, from the funds in the Exxon and Stripper Well accounts in the energy conservation trust fund created in section 93.11, as indicated, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11 to the following agencies for the purposes designated:

	Exxon	Stripper Wells
1. To the division of community action agencies of the department of human rights for qualifying energy conservation programs for low-income persons, including but not-limited to energy weatherization projects, and including administrative costs	\$ 175,000	\$
2. To the department of natural resources for the following purposes:		
a. For deposit in the energy bank for schools and merged area schools created in 565 Iowa administrative code,		

rule 6.5	\$	\$ 500,000
b. An independent study evaluating federal weatherization due July 1, 1988	\$ 75,000	\$
c. For energy conservation efforts by low-income nonprofit housing organizations		\$ 500,000
d. For a competitive grant program administered by the energy fund disbursement council with the following funds to be transferred to the designated agencies for the indicated purposes:		
(1) To the department of natural resources in cooperation with the department of economic development to provide venture capital to new businesses in Iowa whose products or services are directly related to energy conservation	\$	\$ 500,000
(2) To the department of natural resources for energy conservation grants and contracts to be used to fund cost-effective and environmentally sound energy conservation and renewable resource projects which meet the guidelines of one or more of the five energy programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982)	\$ 1,000,000	\$
e. For the administration of the programs funded by		

maintain the funding level for each of the following programs at the level of the preceding fiscal year, to supplement federal funds for the following programs:

- 1. To the department of human rights for low-income weatherization program \$ 936,934
- 2. To the department of natural resources for:
 - a. Institutional conservation program \$ 270,702
 - b. State energy conservation program \$ 118,500
 - c. Energy extension service program \$ 49,700

All the funds in the Amoco/Beldridge/Nordstrom account, Amoco Refined account, and OKC & Coline account shall be appropriated by this section before the funds in the Exxon account are appropriated by this section.

Sec. 4. The state agencies appropriated and disbursed funds under section 1 of this Act shall adopt rules under chapter 17A to establish and implement the programs funded by this Act.

Sec. 5. Section 93.11, subsections 1 and 4, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

1. a. The energy conservation trust fund is created within the state treasury. This state on behalf of itself, its citizens, and its political subdivisions accepts any moneys awarded or allocated to the state, its citizens, and its political subdivisions as a result of the federal court decisions and federal department of energy settlements resulting from alleged violations of federal petroleum pricing regulations and deposits the moneys in the energy conservation trust fund.

b. The energy conservation trust fund is established to provide for an orderly, efficient, and effective mechanism to make maximum use of moneys available to the state, in order to increase energy conservation efforts and thereby to save the citizens of this state energy expenditures. The moneys in the accounts in the fund shall be expended only upon appropriation by the general assembly and only for programs which will benefit citizens who may have suffered economic penalties resulting from the alleged petroleum overcharges.

c. The moneys awarded or allocated from each court decision or settlement shall be placed in a separate account in the energy conservation trust fund. Notwithstanding section 453.7, interest and earnings on investments from moneys in the fund shall be credited proportionately to the accounts in the fund.

d. Unless prohibited by the conditions applying to an account, the moneys in the energy conservation trust fund may be used for the payment of attorney fees and expenses incurred by the state to obtain the moneys and shall be paid by the director of revenue and finance from the available moneys in the fund subject to the approval of the attorney general.

e. However, petroleum overcharge funds received pursuant to claims filed on behalf of the state, its institutions, departments, agencies, or political subdivisions shall be deposited in the general fund of the state to be disbursed directly to the appropriate claimants in accordance with federal guidelines and subject to the approval of the attorney general.

4. The administrator of the energy and geological resources division of the department of natural resources shall be the administrator of the energy conservation trust fund. The administrator shall disburse moneys appropriated by the general assembly from the accounts in the fund in accordance with the federal court orders, law and regulation, or settlement conditions applying to the moneys in that

account, and subject to the approval of the energy fund disbursement council if such approval is required. The council, after consultation with the attorney general, shall immediately approve the disbursement of moneys from the account in the fund for projects which meet the federal court orders, law and regulations, or settlement conditions which apply to that account.

Sec. 6. Section 93.11, subsection 3, unnumbered paragraph 1, Code 1987, is amended to read as follows;

An energy fund disbursement council is established. The council shall be composed of the governor or the governor's designee, the director of the department of management, who shall serve as the council's chairperson, the administrator of the division of community action agencies of the department of human rights, the administrator of the energy and geological resources division of the department of natural resources, and a designee of the director of the department of transportation, who is knowledgeable in the field of energy conservation. The council shall include as nonvoting members two members of the senate appointed by the majority leader of the senate and two members of the house of representatives appointed by the speaker of the house. The legislative members shall be appointed upon the convening and for the period of each general assembly. Not more than one member from each house shall be of the same political party. The council shall be staffed by the energy and geological resources division of the department of natural resources. The attorney general shall provide legal assistance to the council.

Sec. 7. Section 93.11, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 5. The following accounts are established in the energy conservation trust fund:

- a. The Warner/Imperial account.
- b. The Amoco/Beldridge/Nordstrom account.

- c. The Exxon account.
- d. The Stripper Wells account.
- e. The Diamond Shamrock account.
- f. The Amoco Refined account.
- g. The OKC & Coline account.
- h. The other funds account.

NEW SUBSECTION. 6. The moneys in the account in the energy conservation trust fund distributed to the state as a result of the 1985 federal court decision finding Exxon corporation in violation of federal petroleum pricing regulations shall be expended, to the extent possible, over a period of no more than six years and shall be disbursed for projects which meet the strict guidelines of the five existing federal energy conservation programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The council shall approve the disbursement of moneys from the account in the fund for other projects only if the project meets one or more of the following conditions:

- a. The projects meet the guidelines for allowable projects under a modification order entered by the federal court in the case involving Exxon corporation.
- b. The projects meet the guidelines for allowable projects under a directive order entered by the federal court in the case involving Exxon corporation.
- c. The projects meet the guidelines for allowable projects under the regulations adopted or written clarifications issued by the United States department of energy.

Sec. 8. 1986 Iowa Acts, chapter 1249, section 4, unnumbered paragraph 1, is amended to read as follows:

There is appropriated from the funds available in the energy conservation trust fund, established in section 93.11, for the fiscal year period beginning July 1, 1986, and ending June 30, ~~1987~~ 1988, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11, the following amounts, or so

much thereof as is necessary, to be used for the purposes designated consistent with the expressed legislative intent of this Act:

Sec. 9. The treasurer of state shall transfer and deposit funds in the petroleum overcharge fund created by section 93.15 into the appropriate accounts in the energy conservation trust fund created by section 93.11. Any appropriation of the funds in the petroleum overcharge fund shall follow and apply to the funds in the energy conservation trust fund.

Sec. 10. Sections 93.15 and 601K.128, Code 1987, are repealed.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 517, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

Sf 517

SENATE FILE 518

AN ACT

RELATING TO AND W I N G APPROPRIATIONS TO STATE AGENCIES WHOSE RESPONSIBILITIES RELATE TO PUBLIC DEFENSE, PUBLIC SAFETY, TRANSPORTATION. AND ENFORCEMENT, AND INCLUDING ALLOCATION OF MONEYS FROM THE ROAD USE TAX FUND AND PROVIDING EFFEC-TIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. There is appropriated from the general fund of the state to the Iowa law enforcement academy for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

1987-1988
Fiscal Year

1. For salaries and support for not more than twenty-four point thirty-six-full-time equivalent positions, maintenance and miscellaneous purposes \$ 749,800

Notwithstanding section 384.15, subsection 7, paragraph "b", there is appropriated from the unencumbered and unobligated money remaining in the law enforcement training reimbursement fund on June 30, 1987 to the Iowa law enforcement academy the sum of twenty-eight thousand two hundred (28,200) dollars for repair of a chiller unit, repair of a parking lot, repair or replacement of carpet and replacement of a washing machine at the academy.

2. Notwithstanding section 384.15, subsection 7, paragraph "b", there is appropriated from the unencumbered and unobligated money remaining in the law enforcement training reimbursement fund on June 30, 1987, to the Iowa law

enforcement academy the sum of thirty-five thousand (35,000) dollars for the purchase of judgmental shooting equipment.

3. It is the intent of the general assembly that the Iowa law enforcement academy, in its training program, shall conform its activities to the mission, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The academy shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the transportation and safety appropriations subcommittee on the performance measures. The academy shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The academy exists to maximize training opportunities for law enforcement officers and jailers in an effort to upgrade and maintain law enforcement at a professional status by providing and coordinating basic and continued training.

The academy goals include providing basic and continued training of all law enforcement officers and jailers of the state and its political subdivisions, continuing to upgrade the professional status of law enforcement and jailer training in the state, and insuring uniformity and quality of training across the state to accomplish the following objectives:

- a. To continue the production of audio-visual training materials.
- b. To serve as the principal library and media resource center.
- c. To conduct law enforcement basic training courses and continued training courses.
- d. To provide continued training for Iowa law enforcement academy training officers so they can maintain state-of-the-art information.
- e. To design and prepare entrance level and promotional examinations for use by county civil service commissions.
- f. To administer psychological tests to applicants for law enforcement positions.
- g. To direct research in the field of law enforcement.

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h. To process applications for reserve peace officers to carry weapons.

i. To make recommendations to the governor, the general assembly, and others on matters to upgrade the law enforcement and jailer' service.

j. To adopt rules and regulations.

k. To increase the incidence of regionally facilitated in-service training courses.

Sec. 2. Notwithstanding section 80B.11, subsection 5, during the fiscal year beginning July 1, 1987, not more than one-half of the cost of providing cognitive and psychological examinations of law enforcement officer candidates may be charged for taking the examinations by the Iowa law enforcement academy. However, no charge shall be made for officer candidates being tested on behalf of state departments or agencies.

" The Iowa law enforcement academy may also charge not more than one-half of the cost of providing the ten-veek course which is designed to meet the minimum basic training requirements for a law enforcement officer. However, a charge shall not be made for officers employed by state departments or agencies.

Sec. 3. There is appropriated from the general fund of the state to the department of public defense for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

1. For salaries and support of not more than one hundred forty-two point zero five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 3,221,000

Notwithstanding section 29A.33, the per capita annual allowance to units will be five dollars per capita to be paid

1987
1988
1989

on a semiannual basis in installments of two dollars and fifty cents per capita for the fiscal year beginning July 1, 1987 and ending June 30, 1988. The per capita allowance shall be used for morale purposes and be for the welfare of the troops and in no circumstances expended for support and maintenance.

2. For the war orphans educational aid fund \$ 15,200

Sec. 4. There is appropriated from the general fund of the state to the department of public safety for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for funding the following functions and programs for the purposes designated:

1987-1988
Fiscal Year

1. ADMINISTRATIVE FUNCTION

a. For salaries and support for not more than forty-five point seventy-five full-time equivalent positions, maintenance, and miscellaneous purposes of the department's administrative functions including the medical examiner's office and the criminal justice information system \$ 1,957,800

b. For salaries and support of not more than seventy-nine full-time equivalent positions, maintenance, and miscellaneous purposes relating to radio communications \$ 2,612,000

The balance of the fund created under section 3215.17 carried forward each fiscal year may be used to provide salary and support of not more than eight and five-tenths full-time equivalent positions and maintenance for the victim compensation functions of the department of public safety.

2. INSPECTION FUNCTION

For salaries and support of not more than thirty-two full-time equivalent positions, maintenance, and miscellaneous purposes of fire marshal's inspections, administration of the state building code, arson investigators including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 1,138,500

3. SECURITY FUNCTION

For salaries and support of not more than thirty-one full-time equivalent positions, maintenance, and miscellaneous purposes of the capitol security division \$ 808,500

4. INVESTIGATION FUNCTION

a. For salaries and support of not more than one hundred thirty-six full-time equivalent positions, maintenance, and miscellaneous purposes, including lease or lease-purchase of laboratory equipment, of the division of criminal investigation containing the bureaus of identification, drug law enforcement, and beer and liquor law enforcement, including the state's contribution to the peace officers'

retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated

\$ 180,500

retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 5,099,675

b. Notwithstanding section 384.15, subsection 7, paragraph "b", there is appropriated from the unencumbered and unobligated money remaining in the law enforcement training reimbursement fund on June 30, 1987, to the department of public safety, division of criminal investigation, the sum of two hundred thousand (200,000) dollars for undercover purchases by the division of criminal investigation and local law enforcement agencies.

c. Notwithstanding section 384.15, subsection 7, paragraph "b", there is appropriated from the unencumbered and unobligated money remaining in the law enforcement training reimbursement fund on June 30, 1987 to the department of public safety, division of criminal investigation, the sum of two hundred thousand (200,000) dollars, or so much thereof as is necessary, to be used for salaries, support, maintenance, and miscellaneous purposes.

d. For salaries and support of not more than four full-time equivalent positions, maintenance, and miscellaneous purposes for the employment of pari-mutuel law enforcement agents, including the state's contribution to the peace officers' retirement, accident, and disability system provided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 180,500

Sec. 5. Notwithstanding section 384.15, subsection 7, paragraph "b", there is appropriated all unencumbered and unobligated money remaining in the law enforcement training reimbursement fund on June 30, 1987, after operation of section 1, subsections 1 and 2, and section 4, subsection 4, paragraphs "b" and "c" of this Act, to the department of public safety for the capital acquisition of an automated fingerprint identification system (AFIS). There is also appropriated the unencumbered and unobligated money credited to the law enforcement training reimbursement fund during the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the department of public safety for such fiscal year for the capital acquisition of an automated fingerprint identification system (AFIS). However, the total moneys appropriated under this section shall not exceed five hundred thousand (500,000) dollars.

Except as otherwise provided by law, the automated fingerprint identification system computer committee as established in 1986 Iowa Acts, chapter 1207, section 18, paragraph "c", shall be maintained.

Sec. 6. There is appropriated from the road use tax fund to the department of public safety, division of highway safety and uniformed force, for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used as follows:

1987-1988
Fiscal Year

1. For salaries and support of not more than four hundred forty-two full-time equivalent positions, maintenance, and miscellaneous purposes including the federal Highway Safety Act program, and the state's contributions to the peace officers' retirement, accident, and disability system pro-

vided in chapter 97A in the amount of sixteen percent of the salaries for which the funds are appropriated \$ 19,352,000

However, the unfunded liability of the peace officers' retirement, accident, and disability system, as of July 1, 1986 shall not be considered a liability of the road use tax fund.

An employee of the department of public safety or the department of natural resources or their successor agencies who retires after the effective date of this Act is eligible for payment of life or health insurance premiums as provided for in the collective bargaining agreement covering the public safety bargaining unit at the time of retirement if the employee previously served in a position which would have been covered by the agreement. The employee shall be given credit for the service in that prior position as though it were covered by that agreement. This section shall not operate to reduce any retirement benefits an employee may have earned under other collective bargaining agreements or retirement programs.

It is the intent of the general assembly that the department of public safety, division of highway safety and uniformed force, increase the number of its vehicle theft officers by two full-time equivalent positions under this appropriation.

2. For the capital purchase of four hundred nine mobile vehicle repeaters and radios to be used by the Iowa state patrol, eight hundred forty thousand (840,000) dollars, or so much thereof as may be necessary. Moneys credited under this subsection are for mobile vehicle repeaters and radios to be placed solely in new motor vehicles used by members of the Iowa safety patrol below the rank of lieutenant for patrolling the highways.

Sec. 7. There is appropriated from the road use tax fund to the state department of transportation for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following

amounts, or so much thereof as may be necessary, to be used for the following purposes:

1987-1988
Fiscal Year

- 1. For salaries, support, maintenance, and miscellaneous purposes for:
 - a. Administrative services (forty-nine full-time equivalent positions) \$ 2,637,476
 - b. General counsel (one full-time equivalent position) \$ 116,925
 - c. Planning and research (nine full-time equivalent positions) \$ 283,645
 - d. Aeronautics and public transit (four full-time equivalent positions) \$ 156,275
 - e. Motor vehicles (five hundred twenty-nine full-time equivalent positions) \$ 14,225,922
 - f. Rail and water (fifteen full-time equivalent positions) \$ 557,000
- 2. For the purpose of making payments to the department of personnel for expenses incurred in administering the merit system on behalf of the state department of transportation, as required by chapter 19A \$ 16,000
- 3. Unemployment compensation \$ 12,500

Sec. 8. There is appropriated from the road use tax fund to the department of personnel for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of ninety-five thousand eight hundred eighty (99,080) dollars, or so much thereof as is necessary, to be used for the purpose of paying workers' compensation claims under chapter 85 on behalf of employees of

the state department of transportation and the department of public safety, division of highway safety and uniformed force.

Sec. 9. There is appropriated from the road use tax fund from revenue credited to the road use tax fund under section 423.24, subsection 1, paragraph "b", to the department of transportation for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of seven hundred fifty thousand (750,000) dollars for improving the state aircraft pool.

Sec. 10. There is appropriated from the primary road fund to the state department of transportation for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as may be necessary, to be used for the following purposes:

1987-1988
Fiscal Year

- 1. For salaries, support, maintenance, and miscellaneous purposes for:
 - a. Administrative services (three hundred one full-time equivalent positions) \$ 16,355,404
 - b. General counsel (seven full-time equivalent positions) \$ 689,942
 - c. Planning and research (one hundred sixty-four full-time equivalent positions) \$ 5,388,387
 - d. Aeronautics and public transit (four full-time equivalent positions) \$ 156,275
 - e. Highways (two thousand eight hundred seventy-six full-time equivalent positions) \$111,735,947
 - f. Motor vehicles (eighteen full-time equivalent positions) \$ 492,435
 - g. Rail and water (seven full-time equivalent positions) \$ 236,000
- 2. To be deposited in the

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state department of transportation materials and equipment revolving fund established by section 307.47 for funding the increased replacement cost of vehicles \$ 2,000,000

3. For the purpose of making payments to the department of personnel for expenses incurred in administering the merit system on behalf of the state department of transportation, as required by chapter 19A \$ 304,000

4. Unemployment compensation \$ 232,750

5. Subject to enactment of a new transportation network designed to serve business and industry, for salaries and support for not more than twenty-three full-time equivalent positions, maintenance and miscellaneous purposes \$ 750,000

Sec. 11. There is appropriated from the road use tax fund from revenue credited to the road use tax fund under section 423.24, subsection 1, paragraph "b" to the state department of transportation for the fiscal year beginning July 1, 1987 and ending June 30, 1988, for the purposes of terminal improvements at essential air service airports, the sum of two hundred fifty thousand (250,000) dollars. In selecting projects the state department of transportation shall give preference to projects that will assist in maintaining and attracting air service.

Sec. 12. The treasurer of state shall credit in six equal installments prior to January 1, 1988, from the road use tax fund from revenue credited to the road use tax fund under section 423.24, subsection 1, paragraph b to the state department of transportation for purposes of retiring bonds

and indebtedness on state-owned toll bridges an amount sufficient to repay all indebtedness on all state-owned toll bridges. Tolls on these bridges shall be eliminated no later than July 1, 1987.

Section 8.33 does not apply to moneys credited under this section. Any Iowa residents employed by the state department of transportation for collecting tolls on these bridges shall be given preference for subsequent employment with the state department of transportation for positions for which they are qualified.

Sec. 13. There is appropriated from the primary road fund to the department of personnel for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of six hundred sixty-six thousand five hundred forty (666,540) dollars, or so much thereof as is necessary, for the purpose of paying workers' compensation claims under chapter 85 on behalf of the employees of the state department of transportation.

Sec. 14. There is appropriated from the state aviation fund to the state department of transportation for the administration of aeronautics and public transit for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as may be necessary, to be used for the following purposes:

	1987-1988 <u>Fiscal Year</u>
1. For salaries and support of not more than eight full-time equivalent positions, maintenance and miscellaneous purposes	\$ 176,548
2. For salary and support for not more than one full-time equivalent position, maintenance, and miscellaneous purposes if a new transportation network designed to serve business and industry is enacted and becomes law	\$ 35,000

Sec. 15. There is appropriated from the primary road fund to the state department of transportation for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used in the manner designated:

1987-1988
Fiscal Year

- 1. For the repaving of the warehouse-lot at the Ames complex \$ 150,000
- 2. For the replacement of obsolete field facilities at Adair, Creston, Denison, Greenfield, Oakland, Sac City, and Sigourney \$ 3,510,500

It is the intent of the general assembly that the state department of transportation check on the availability of existing buildings in these cities to determine the feasibility of remodeling existing buildings rather than constructing new facilities.

3. Section 8.33 does not apply to the funds appropriated by this section. However, unencumbered or unobligated funds remaining on June 30, 1991 from funds appropriated for the fiscal year beginning July 1, 1907 shall revert to the fund from which appropriated on September 30, 1991.

Sec. 16. The state department of transportation shall lower the entrance pipe by two feet at station 329+60 Rt on U.S. highway 63 in Tama county, Iowa.

Sec. 17. Section 80.4, Code 1987, is amended to read as follows:

00.4 HIGHWAY PATROL.

The Iowa highway safety patrol is established in the department of public safety shall consist of a complement of not to exceed one hundred ten persons. The patrol shall be under the direction of the director of public safety.

Sec. 18. Section 306.42, Code 1907. is amended by adding the following new subsection:

NEW SUBSECTION. 6. Notwithstanding any other provision of the Code, for transfers of roads and streets made after May 1, 1987, neither the transferring jurisdiction or the receiving jurisdiction shall be held liable for any claim or damage for any act or omission relating to the design, construction, or maintenance of the road or street that occurred prior to the effective date of the transfer. This paragraph shall apply to all transfers pursuant to this chapter or section 313.2.

Sec. 19. Section 312.2, subsection 17, Code 1987, is amended to read as follows:

17. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the public transit assistance fund, created under section 6015.6, an amount equal to one fortieth of the revenue credited to the road use tax fund under section 423.24, subsection 1, paragraph "b".

Sec. 20. Section 312.2, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 18. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the state department of transportation for county, city and state traffic safety improvement projects an amount equal to one-half of one percent of moneys credited to the road use tax fund.

Sec. 21. Section 313.63, Code 1987, is amended to read as follows:

313.63 ACTION BY ADJOINING STATE.

The department shall not enter into an agreement of acceptance until the adjoining state enters into an agreement to accept ownership of that portion of the bridge being within such the adjoining state, and agrees to pay the cost of maintaining such portion of the bridge or its proportionate share of the total cost of maintaining the bridge.

Sec. 22. Section 313A.34, subsection 6, Code 1987. is amended by striking the subsection and inserting in lieu thereof the following:

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6. A provision for the division of ownership with the adjoining state and for a proportional division of the maintenance costs of the bridge when all outstanding indebtedness or other obligations payable from the revenues of the bridge have been paid.

Sec. 23. Section 316.15. Code 1987, is amended to read as follows:

316.15 FEDERAL GRANTS -- PAYMENT OF RIGHT-OF-WAY AND RELOCATION ASSISTANCE BENEFITS.

. The department may do all things necessary to carry out the provisions of this chapter and to secure federal grants to make the payments required by this chapter, but the absence of federal aid to make such payments shall not discharge the obligation to make the payments. The department is authorized to pay all right-of-way and relocation assistance benefits in the full amount authorized by federal standards and rules. In order to avoid delays, payment for such benefits made in cooperation with the federal government may be advanced from the primary road fund.

Sec. 24. Section 321J.17, Code 1987, is amended to read as follows:

321J.17 CIVIL PENALTY -- SEPARATE FUND -- REINSTATEMENT.

When the department revokes a person's motor vehicle license or nonresident operating privilege under this chapter, the department shall assess the person a civil penalty of one hundred dollars. The money collected by the department under this section shall be transmitted to the treasurer of state who shall deposit the money in a separate fund dedicated to and used for the purposes of chapter 912, and for the operation of a missing person clearinghouse and domestic abuse registry by the department of public safety. Any balance in the fund on June 30 of any fiscal year exceeding fifty thousand dollars shall revert to the general fund of the state. A temporary restricted license shall not be issued or a motor vehicle license or nonresident operating privilege reinstated until the civil penalty has been paid.

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Sec. 25. Section 3278.24, Code 1987, is amended to read as follows:

327H.24 REVERSIONS -- TRANSFERS -- HONEYS TO BE REPAID.

Moneys deposited in the railroad assistance fund shall are not be subject to section sections 8.33 and 8.39. However, moneys credited to the fund by a city, county, or railroad district which are unexpended or unobligated following the expiration of an agreement shall be paid back to the city, county, or railroad district.

Sec. 26. Section 423.24, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

423.24 DEPOSIT OF REVENUE.

The revenue arising from the operation of this chapter shall be credited as follows:

1. a. All revenue derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 423.7 shall be credited to the primary road fund to the extent necessary to reimburse that fund for the expenditures, not otherwise eligible to be made from the primary road fund, made for repairing, improving and maintaining bridges over the rivers bordering the state. Expenditures for those portions of bridges within adjacent states may be included when they are made pursuant to an agreement entered into under sections 313.63, 313A.34 and 314.10.

b. Any remaining revenues derived from the operation of section 423.7 shall be credited to the road use tax fund.

2. All other revenue arising under the operation of this chapter shall be credited to the general fund of the state.

Sec. 27. Section 327H.24, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 453.1, subsection 2, interest and earnings on moneys deposited in the railroad assistance fund shall be credited to the railroad assistance fund. Interest and earnings credited to the railroad assistance fund under this paragraph shall be expended as nonreimbursable grants.

Sec. 28. 1983 Iowa Acts, chapter 198, section 32, unnumbered paragraph 1, is amended to read as follows:

SEC. 32. Notwithstanding the provisions of section 423.24, there is transferred from revenues collected under chapter 423 during each year of the fiscal period beginning July 1, 1983 and ending June 30, 1985 from the use tax imposed on motor vehicles, trailers and motor vehicle accessories and equipment under section 423.7 the sum of seven million five hundred thousand (7,500,000) dollars which shall be transferred to the special railroad facility fund to be used exclusively for the purposes provided in this section. The Iowa railway finance authority may enter into a partnership agreement as allowed under section 3078.7, subsection 7, for the purpose of acquiring the right-of-way of the Chicago, Rock Island and Pacific railroad. The funds shall be expended to supplement private investment capital obtained for that purpose by matching any private investment capital on an equal basis. The funds transferred to the special railroad facility fund under this section shall be considered an interest-free loan to be repaid to the road use tax fund from receipts credited to the special railroad facility fund under section 3078.23 except that moneys credited for repayment of the loan during the period beginning July 1, 1987 and ending June 30, 1989, shall be credited to the railroad assistance fund.

Sec. 29. 1986 Iowa Acts, chapter 1246, section 12, subsection 5, is amended to read as follows:

5. For area garages for the in Tama-Toledo area, Dubuque and Centerville \$ 1,344,000

Sec. 30. 1986 Iowa Acts, chapter 1246, section 12, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Section 8.33 does not apply to the funds appropriated by this section. However, unencumbered or unobligated funds remaining on June 30, 1991 from funds appropriated for the fiscal year beginning July 1, 1986 shall revert to the fund from which appropriated on September 30, 1991.

Sec. 31. All federal grants to and the federal receipts of the agencies appropriated funds under this Act are appropriated for the purposes set forth in such federal grants and receipts unless otherwise provided by the general assembly.

Sec. 32. Section 1, subsections 1 and 2, section 4, subsection 4, paragraphs "b" and "c" and sections 5, 24, 25, and 30, take effect June 30, 1987.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 518, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

SF 518



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
515 281-5211

June 8, 1987

The Honorable Elaine Baxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

I hereby transmit Senate File 518, an act relating to and making appropriations to state agencies whose responsibilities relate to public defense, public safety, transportation, and enforcement, and including allocation of moneys from the road use tax fund and providing effective dates.

Senate File 51b provides appropriations for law enforcement and transportation related agencies in state government. While I have some concern about the excessive appropriations from the law enforcement training reimbursement fund, the appropriations made in this bill are generally in line with my original recommendations. However, Senate File 518 includes several provisions which excessively tie the hands of the executive branch of state government and must be vetoed.

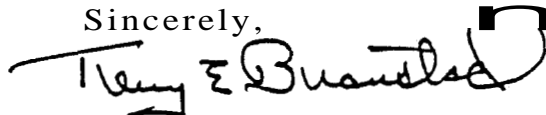
I am unable to approve the item designated as Section 1, Subsection 3 in its entirety. Subsection 3 of Section 1 of Senate File 518 establishes detailed performance review measures and reporting requirements for the law enforcement academy's training program. The management-related goals and reporting mechanisms included in this subsection are the essence of executive branch administrative discretion. The Department of Management has developed performance measures for each department. The results of these measures can be shared at appropriate times with the legislative branch. However, the legislative requirements imposed in Subsection 3 are excessive and cannot be approved.

The Honorable Elaine Baxter
June 8, 1987
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I am unable to approve Section 16 of Senate File 518 in its entirety. Section 16 requires that the Department of Transportation to lower the entrance pipe by two feet at station 329+60 Rt on U.S. highway 63 in Tama county, Iowa. The level of the drainage pipe referred to in Section 16 is now under study by the Department of Transportation in order to relieve a drainage problem in the area. There are different views in the area about the appropriate level at which the pipe should be located. The decision on the appropriate level for the pipe is one which should clearly be subject to administrative discretion and executive branch expertise. Such detail directed by the General Assembly is a glaring example of excessive legislative branch encroachment into executive branch authority. As such, I cannot approve Section 16.

I am unable to approve Section 23 of Senate File 518 in its entirety. Section 29 of this bill amends the 1986 Iowa Acts, to require that DOT maintenance garages be placed in Tama-Toledo, Dubuque and Centerville. This section prohibits the Department from placing these garages in any area around these communities. I understand the intent of this section is to require the Department to place the garage in an appropriate location in Tama-Toledo. And I am pleased that the Department of Transportation officials do plan to build that garage very near those communities. However, by requiring that these garages be placed within the city limits of Dubuque and Centerville, the legislature inadvertently created a serious problem for the department. At the present time, the maintenance garage in the Dubuque area is now under construction just outside of the city limits of that community. And the Centerville area garage is also proposed to be constructed just outside the city limits. Neither of these projects could move forward if this legislation were signed into law.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment 4 of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 518 are hereby approved as of this date.

Sincerely,

Terry E. Branstad
Governor

TEB :cd

referred to in section 404.2, subsection 1, and which exemption in section 404.3 or in the different schedule, if one has been adopted, will be elected.

SENATE FILE 519

AN ACT

RELATING TO THE TIME FOR CLAIMING URBAN REVITALIZATION TAX EX-EMPTIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 404.4, unnumbered paragraph 2, Code 1987, is amended to read as follows:

An application shall be filed for each new exemption claimed. The first application For an exemption shall be filed by the owner of the property with the governing body of the city in which the property is located by February 1 of the assessment year, for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation, unless, upon the request of the owner at any time, the governing body of the city provides by resolution that the owner may file an application by February 1 of any other assessment year selected by the governing body. The application shall contain, but not be limited to, the following information: The nature of the improvement, its cost, the estimated or, actual date of completion, the tenants that occupied the owner's building on the date the city adopted the resolution

SO ANN ZIMMERMAN
?resident of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 519, Seventy-second General Assembly.

SOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

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SENATE FILE 523

AN ACT

RELATING TO STATE FINANCES BY CONFORMING ITS CORPORATE INCOME TAX, FRANCHISE TAX, AND GENERATION SKIPPING TRANSFER TAX TO THE NEW FEDERAL TAX PROVISIONS; ONLY CONFORMING ITS INDIVIDUAL INCOME TAX TO THE NEW FEDERAL TAX PROVISIONS IN THOSE AREAS DEALING WITH TRADE, BUSINESS, AND INVESTMENT ACTIVITIES; SETTING THE LATEST CUMULATIVE INFLATION FACTOR FOR PURPOSES OF INDIVIDUAL INCOME TAX RATES AT THE PREVIOUS RATE; CHANGING THE CRITERIA FOR WHO MUST FILE AN INDIVIDUAL INCOME TAX RETURN; FORESTALLING THE TRANSFER OF FUNDS FROM THE GENERAL FUND TO THE IOWA ECONOMIC EMERGENCY FUND; AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.4, subsection 17, paragraph c, Code 1987, is amended to read as follows:

c. The annual inflation factor for the 1978 calendar year is one hundred percent. Notwithstanding the computation of the annual inflation factor under paragraph "a", the annual inflation factor for the 1987 calendar year is one hundred percent.

Sec. 2. Section 422.5, subsection 1, paragraph 0, subparagraph (4), Code 1987, is amended by striking the subparagraph.

Sec. 3. Section 422.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. In determining the taxpayer's net income, the adjusted gross income computed for federal tax purposes shall be adjusted to reflect the following:

a. BUSINESS MEALS, TRAVEL, AND ENTERTAINMENT. Deductions for expenses incurred for meals, travel, and entertainment for business purposes shall be determined under sections 170 and

274 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such deductions.

b. DEPRECIATION. Deductions for depreciation for property used for business purposes shall be determined under sections 46, 167, 178, 179, 280, 291, 312, 465, 467, 514, 751, 1245, 4162, 6111, and 7701 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such deductions.

c. CAPITALIZATION RULES. Capitalization rules for inventory, construction, and development costs as they relate to business activities shall be determined under sections 48, 263A, 312, 471, 267, 447, and 464 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such capitalization rules.

d. PASSIVE INVESTMENT ACTIVITIES. Deductions for passive investment activities shall be determined under section 469 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to passive investment activities.

e. LONG-TERM CONTRACTS. Rules for determining the amount of deductions for long-term contracts relating to business activities shall be determined under sections 460 and 804 of the Internal Revenue Code in effect on January 1, 1987 and all other provisions of the Internal Revenue Code in effect on January 1, 1987 relating to such long-term contracts.

f. DISCHARGE OF INDEBTEDNESS. Treatment of income of a farmer resulting from the discharge of the farmer's indebtedness shall be determined under section 108(g) of the Internal Revenue Code in effect on January 1, 1987.

Sec. 4. Section 422.13, subsection 1, paragraph b, Code 1987, is amended to read as follows:

b. The individual has net income of four five thousand dollars or more for the tax year from sources taxable under this division.

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Sec. 5. Section 422.32, subsections 4 and 11, Code 1987, are amended to read as follows:

4. The term "affiliated group" means a group of corporations as defined in section 1504(a) of the Internal Revenue Code of 1954.

11. ~~For purposes of section 422.32, subsection 5, the Internal Revenue Code of 1954 shall be interpreted to include the provisions of Pub. L. No. 98-47. "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986, as amended to and including January 1, 1987, whichever is applicable.~~

Sec. 6. Section 422.33, subsection 4, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

4. In addition to all taxes imposed under this division, there is imposed upon each corporation doing business within the state the greater of the tax determined in subsection 1, paragraphs "a" through "d" or the state alternative minimum tax equal to sixty percent of the maximum state corporate income tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.35 and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4) and (d), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code. In making the adjustment under section 56(c)(1) of the Internal Revenue

Code, interest and dividends from federal securities net of amortization of any discount or premium shall be subtracted.

b. Apply the allocation and apportionment provisions of subsection 2.

c. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

d. In the case of a net operating loss computed for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which is taken into account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 7. Section 422.33, subsection 5, Code 1987, is amended to read as follows:

5. The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be

allowable under section 30 41 of the Internal Revenue Code of 1954, in effect on January 17, 1985.

Any credit in excess of the tax liability for the taxable year shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on its final, completed return credited to the tax liability for the following taxable year.

Sec. 8. Section 422.35, Code 1987, is amended to read as follows:

422.35 NET INCOME OF CORPORATION -- POW COMPUTED.

The term "net income" means the taxable income before the net operating loss deduction, as properly computed for federal income tax purposes under the Internal Revenue Code of 1954, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax under the Internal Revenue Code of 1954.
3. Where the net income includes capital gains or losses, or gains or losses from property other than capital assets, and such gains or losses have been determined by using a basis established prior to January 1, 1934, an adjustment may be made, under rules and regulations prescribed by the director, to reflect the difference resulting from the use of a basis of cost or January 1, 1934, fair market value, less depreciation allowed or allowable, whichever is higher. Provided that the basis shall be fair market value as of January 1, 1955, less depreciation allowed or allowable, in the case of property acquired prior to that date if use of a prior basis is declared to be invalid.
4. Subtract fifty percent of the federal income taxes paid or accrued, as the case may be, during the tax year, adjusted by any federal income tax refunds; and add the Iowa income tax deducted in computing said taxable income.

5. Add the amount by which the basis of qualified depreciable property is required to be increased for depreciation purposes under the Internal Revenue Code Amendments Act of 1964 to the extent that such amount equals the net amount of the special deduction allowed on the basis of the amount by which the depreciable basis of such qualified property was required to be reduced for depreciation purposes under the Internal Revenue Code Amendments Act of 1962. The "net amount of the special deduction" shall be computed by taking the sum of the amounts by which the basis of qualified property was required to be decreased for depreciation purposes for the years 1962 and 1963 and subtracting from it the sum of the amounts by which the basis of such property was required to be increased prior to 1964 for depreciation or disposition purposes under the Internal Revenue Code Amendments Act of 1962.

6. Subtract the amount of the jobs tax credit allowable for the tax year under section 51 of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

7. If the taxpayer is a small business corporation, subtract an amount equal to fifty percent of the wages paid to individuals named in paragraphs "a", "b", and "c" who were hired for the first time by the taxpayer during the tax year for work done in this state:

- a. A handicapped individual domiciled in this state at the time of the hiring who meets any of the following conditions:
 - (1) Has a physical or mental impairment which substantially limits one or more major life activities.
 - (2) Has a record of that impairment.
 - (3) Is regarded as having that impairment.
- b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:
 - (1) Has been convicted of a felony in this or any other state or the District of Columbia.
 - (2) Is on parole pursuant to chapter 906.

(3) Is on probation pursuant to chapter 907. for an offense other than a simple misdemeanor.

(4) Is in a work release program pursuant to chapter 246, division IX.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact, under section 907A.1 applies.

This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraphs "a", "b", and "c" during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

8. Subtract the amount of the alcohol fuel credit allowable for the tax year under section 40 of the Internal Revenue Code of-1954 to the extent that the credit increased federal taxable income.

9. Add the amounts deducted and subtract the amounts included in income as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code of-1954 for property placed in service by the transferee prior to January 1, 1986 to the extent that the amounts deducted and the amounts included in income are not otherwise deductible or included in income under the other provisions of the Internal Revenue Code of-1954 as amended to and including December 31, 1985. Entitlement to depreciation

on any property involved in a sale-leaseback agreement which is placed in service by the transferee prior to January 1, 1986 shall be determined under the Internal Revenue Code of 1954 as amended to and including December 31, 1985, excluding section 168(f)(8) in making the determination.

10. Add the amount of windfall profits tax deducted under section 164(a) of the Internal Revenue Code of-1954,

11. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code of-1954, exclusive of net gains incurred passively from the operation of a farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, are to be combined from businesses, rents, partnerships, corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code of-1954. Farming activity is passive if the taxpayer does not materially participate in the activity nor provide substantial services to the farming business. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year.

12. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code of-1954 that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code of-1954.

13. If after applying all of the adjustments provided for in this section and the allocation and apportionment provisions of section 422.33, the Iowa taxable income results in a net operating loss, such net operating loss shall be deducted as follows:

a. The Iowa net operating loss shall be carried back three taxable years or to the taxable year in which the corporation first commenced doing business in this state, whichever is later.

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection or if not required to be carried back shall be carried forward fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code ~~of-1954~~ is made, the Iowa net operating loss shall be carried forward fifteen taxable years,

d. No portion of a net operating loss which was sustained from that portion of the trade or business carried on outside the state of Iowa shall be deducted.

Provided, however, that a corporation affected by the allocation provisions of section 422.33 shall be permitted to deduct only such portion of the deductions for net operating loss and federal income taxes as is fairly and equitably allocable to Iowa, under rules prescribed by the director.

Sec. 9. Section 422.35, subsection 2, Code 1987, is amended to read as follows:

2. Add interest and dividends from foreign securities, and from securities of state and other political subdivisions from regulated investment companies exempt from federal income tax under the Internal Revenue Code ~~of-1954~~.

Sec. 10. Section 422.35, subsection 11, Code 1987, is amended by striking the subsection.

Sec. 11. Section 422.35, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. Subtract the loss on the sale or exchange of a share of a regulated investment company held for six months or less to the extent the loss was disallowed under section 852(b)(4)(B) of the Internal Revenue Code.

Sec. 12. Section 422.36, subsection 5, Code 1987, is amended to read as follows:

5. Where a corporation is not subject to income tax and the stockholders of such corporation are taxed on the corporation's income under the provisions of the Internal Revenue Code ~~of-1954~~, the same tax treatment shall apply to such corporation and such stockholders for Iowa income tax purposes.

Sec. 13. Section 422.37, subsection 7, Code 1987, is amended to read as follows:

7. The computation of consolidated taxable income for the members of an affiliated group of corporations subject to tax shall be made in the same manner and under the same procedures, including all intercompany adjustments and eliminations, as are required for consolidating the incomes of affiliated corporations for the taxable year for federal income tax purposes in accordance with section 1502 of the Internal Revenue Code ~~of-1954~~.

Sec. 14. Section 422.60, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

422.60 IMPOSITION OF TAX.

1. A franchise tax according to and measured by net income is imposed on financial institutions for the privilege of doing business in this state as financial institutions.

2. In addition to all taxes imposed under this division, there is imposed upon each financial institution doing business within the state the greater of the tax determined in section 422.63 or the state alternative minimum tax equal to sixty percent of the maximum state franchise tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.61, subsection 4, and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4), (c)(1), (d), (f), and (g), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code.

b. Make the adjustments provided in section 56(c)(1) of the Internal Revenue Code, except that in making the calculation under sections 56(f)(1) and 56(g)(1) of the Internal Revenue Code the state alternative minimum taxable income, computed without regard to the adjustments made by this paragraph, the exemption provided for in paragraph "d", and the state alternative tax net operating loss described in paragraph "e", shall be substituted for the items described in sections 56(f)(1)(B) and 56(g)(1)(B) of the Internal Revenue Code.

c. Apply the allocation and apportionment provisions of section 422.60.

d. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

e. In the case of a net operating loss beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which was taken into account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 15. Section 422.61, subsection 2, Code 1987, is amended to read as follows:

2. "Taxable year" means the calendar year or the fiscal year ending during a calendar year, for which the tax is payable. "Fiscal year" includes a tax period of less than twelve months if, under the Internal Revenue Code of 1954, a

corporation is required to file a tax return covering a tax period of less than twelve months.

Sec. 16. Section 422.61, subsection 4, Code 1987, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities shall not be subtracted, no federal income taxes paid or accrued shall not be subtracted, and notwithstanding the provisions of sections 262.41 and 262.51 or any other provisions of the law, income from obligations of the state and its political subdivisions and any amount of franchise taxes paid or accrued under this division during the taxable year shall be added. Any deduction disallowed under section 265(b) or 291(e)(1)(B) of the Internal Revenue Code shall be subtracted.

Sec. 17. Section 450A.1, Code 1987, is amended to read as follows:

450A.1 DEFINITIONS.

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

1. "Generation skipping transfer" means the generation skipping transfer as defined in section 2611 of the Internal Revenue Code ~~of 1954~~.

2. "Internal Revenue Code of 1954" means the same as the term is defined in section 422.3.

3. ~~"Deemed transferor" means the deemed transferor as defined in section 2612 of the Internal Revenue Code of 1954;~~

4. "Director" means the director of the department of revenue and finance.

5. ~~"Generation skipping trust" means a generation skipping trust as defined in section 2611 of the Internal Revenue Code of 1954;~~

6. ~~"Generation skipping trust equivalent" means a generation skipping trust equivalent as defined in section 2611 of the Internal Revenue Code of 1954;~~

7 4. "Distributee transferee" means a person receiving property in a generation skipping transfer.

8 5. "Department" means the department of revenue and finance.

6. "Direct skip" means the same as the term is defined in section 2612(c) of the Internal Revenue Code.

7. "Taxable termination" means the same as the term is defined in section 2612(a) of the Internal Revenue Code.

8. "Taxable distribution" means the same as the term is defined in section 2612(b) of the Internal Revenue Code.

9. "Transferor", "trust", "trustee" and "interest" means the same as those respective terms are defined in section 2652 of the Internal Revenue Code.

Sec. 18. Section 450A.2, Code 1987, is amended to read as follows:

450A.2 IMPOSITION OF TAX.

A tax is imposed on the transfer of any property, included in a generation skipping transfer, other than a direct skip, occurring at the same time as or after and as a result of the death of the deemed-transferor an individual, equal to the in an amount of equal to the maximum federal credit allowable under section 2602(c)(5)(B) 2604 of the Internal Revenue Code of-1954, for that-portion-of-state-estate,-inheritance, legacy,-or-succession-tax the generation skipping transfer tax actually paid to the state in respect of any property included in the generation skipping transfer.

Where the deemed transferor is a resident of Iowa and all property included in a generation skipping transfer that is subject to tax under this section has a situs in Iowa, or is subject to the jurisdiction of the courts of Iowa, an amount equal to the total credit as allowed under the Internal Revenue Code of-1954 shall be paid to the state of Iowa. Where the deemed transferor is a nonresident or where the property included in a generation skipping transfer that is subject to tax under this section has a situs outside the state of Iowa and not subject to the jurisdiction of Iowa

courts, the tax shall be prorated on the basis that the value of Iowa property included in the generation skipping transfer bears to the total value of property included in the generation skipping transfer.

Sec. 19. Section 450A.3, Code 1987, is amended to read as follows:

450A.3 VALUE OF PROPERTY.

The value of property, included in a generation skipping transfer, shall be the same as determined for federal generation skipping transfer tax purposes under the Internal Revenue Code of-1954.

Sec. 20. Section 450A.4, Code 1987, is amended to read as follows:

450A.4 PAYMENT OF THE TAX.

The tax imposed by this chapter shall be paid within-twelve months on or before the last day of the ninth month after the death of the deemed-transferor-if-the-transfer-occurs-at-that time,-or-if-later,-the-day-which-is-twelve-months-after-the day-on-which-such-generation-skipping-transfer-occurred individual whose death is the event causing the generation skipping transfer which is eligible for the credit for state taxes paid under section 2604 of the Internal Revenue Code. For-purposes-of-this-chapter,-any-property-transferred-during the-three-year-period-ending-on-the-date-of-the-deemed transferor's-death-and-which-is-included-in-a-generation skipping-transfer-under-the-Internal-Revenue-Code-of-1954 shall-be-considered-as-transferred-on-the-deemed-transferor's death.

Sec. 21. Section 450A.5, Code 1987, is amended to read as follows:

450A.5 LIABILITY FOR THE TAX.

The distributee transferee of the property included in the generation skipping transfer shall be personally liable for the tax to the extent of the fair-market its value, determined under section 2624 of the Internal Revenue Code as of the time of the distribution-of-the-property-received-in-the

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distribution generation skipping transfer. If the tax is attributable to a taxable termination, as defined in section 2633 2612(a) of the Internal Revenue Code ~~of 1954~~, the trustee and the transferee shall be personally liable for the tax to the extent of the value of the property subject to tax under the trustee's 'control.

Sec. 22. Section 450A.6, Code 1987, is amended to read as follows:

450A.6 LIEN OF THE TAX.

The tax imposed by this chapter shall be a lien on the property subject to the tax for a period of ten years from the time the generation skipping transfer occurs. Full payment of the tax, penalty and interest due ~~and interest, if any~~, shall release the lien and discharge the ~~distributee transferee~~ and trustee of personal liability. Unless the lien has been perfected by recording, a transfer by the ~~distributee transferee~~ or the trustee to a bona fide purchaser for value shall divest the property of the lien. If the lien is perfected by recording, the rights of the state under the lien have priority over all subsequent mortgages, purchases or judgment creditors. The department may release the lien prior to the payment of the tax due if adequate security for payment of the tax is given.

Sec. 23. Section 450A.10, Code 1987, is amended to read as follows:

450A.10 DIRECTOR TO ENFORCE COLLECTION.

It shall be the duty of the director to enforce collection of the tax imposed by this chapter and shall with all the rights of a party in interest, represent the state in any proceedings to collect the tax. The director shall have the power to bring suit against any person liable for the payment of the tax, penalty, interest and costs and may foreclose the lien of the tax in the same manner as is now prescribed for the foreclosure of real estate mortgages and upon judgment may cause execution to be issued to sell so much of the property necessary to satisfy the tax, penalty, interest and costs due.

Sec. 24. Section 450A.11, Code 1987, is amended to read as follows:

450A.11 DUTY TO CLAIM MAXIMUM CREDIT.

It shall be the duty of any person liable for the payment of the tax to claim the maximum federal credit allowable for that portion of the state estate, inheritance, legacy or succession generation skipping transfer tax paid in respect of any property included in a taxable generation skipping transfer. Claiming on a federal return a sum less than the maximum federal credit allowable shall not relieve any person liable for the tax of the duty to pay the tax imposed under this chapter.

If an amended or supplemental return is filed with the internal revenue service which results in a change in the amount of tax owing under this chapter, the persons liable for the payment of the tax shall submit an amended return, on forms prescribed by the director, indicating the amount of the tax then owing as a result of such change.

If any federal generation skipping transfer tax has been paid before the enactment of this chapter, the persons liable for the payment of the tax under this chapter shall file an amended federal return claiming the maximum federal credit allowable and file the Iowa returns specified in section 450A.8 within six months after the enactment of this chapter or within the time limit provided in section 450A.4 whichever is the later.

Sec. 25. Notwithstanding section 8.55, the moneys in the Iowa economic emergency fund on July 1, 1987 are transferred to the general fund of the state. Funds transferred to the general fund of the state shall be used to defray expenses incurred for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 26. 1987 Iowa Acts, House File 675, sections 4 and 13, are repealed.

Sec. 27. 1987 Iowa Acts, House File 377, section 10, is amended to read as follows:

SEC. 10. This Act takes effect January 1, 1988. Sections 4 7 through 6 9 apply to tax returns filed for tax years beginning on or after January 1, 1987. However, in determining the allocation between the political candidates fund and the Iowa election campaign fund of funds from the returns for the three tax years beginning on or after January 1, 1987, 1988, and 1989, only the first two hundred sixty thousand dollars received for the tax returns of each of those years shall be deposited in the Iowa election campaign fund and the remainder shall be deposited in the political candidates fund. In order to register for a restricted campaign in 1988, a candidate's committee existing in 1987 must characterize its December 31, 1987. balance as provided in section 56.33, subsection 10, and provide that information to the commission with the report filed in January, 1988.

Sec. 28. 1987 Iowa Acts, House File 153, sections 1 through 23, are repealed.

Sec. 29. 1987 Iowa Acts, House File 153, sections 57 and 58, are amended to read as follows:

SEC. 57. Sections ~~17-27-47-57-67-77-117-15~~ through 24, 26, 27, 31, 32, 34, and 36 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

SEC. 58. Sections ~~37-87-97-107-127-137-147~~ 25, 28, 29, 30, 33, and 35 of this Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 30. Sections 5, 7, 8, 12, 13, and 15 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

Sec. 31. Sections 2, 3, 4, 6, 9, 10, 11, 14, and 16 of this Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 32. Sections 17 through 24 of this Act are retroactive to October 22, 1986 for generation skipping transfers which are eligible for the credit for state taxes under section 2604 of the Internal Revenue Code and are made after October 22, 1986, subject to the special rules of section 433(b) of Public Law 99-514.

Sec. 33. This Act, being deemed of immediate importance, is effective upon enactment.

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 523, Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

SF 523

HOUSE FILE 153

AN ACT

RELATING TO THE STATE'S CONFORMING ITS INCOME, FRANCHISE, AND DEATH TAXES WITH THE NEW FEDERAL TAX PROVISIONS BY UPDATING REFERENCES TO THE INTERNAL REVENUE CODE, REWRITING THE STATE MINIMUM TAXES TO CONFORM WITH THE FEDERAL ALTERNATIVE MINIMUM TAXES, REWRITING THE STATE GENERATION SKIPPING TRANSFER TAX TO CONFORM WITH THE FEDERAL PROVISIONS, STRIKING OBSOLETE AND REPEALED ITEMS, CLARIFYING THE TAXATION OF REGULATED-INVESTMENT COMPANY DIVIDENDS AND SHARES, EXTENDING THE STATUTE OF LIMITATIONS FOR CERTAIN REFUND CLAIMS, PROVIDING FOR WAIVER OF PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX, AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.3, subsection 5, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

5 "Internal Revenue Code" means the Internal Revenue Code of 1954, prior to the date of its redesignation as the Internal Revenue Code of 1986 by the Tax Reform Act of 1986, or means the Internal Revenue Code of 1986 as amended to and including January 1, 1987, whichever is applicable.

Sec. 2. Section 422.4, subsections 1, 4, 10, 11, 14, and 18, Code 1987, are amended to read as follows:

1. The words "taxable income" mean the net income as defined in section 422.7 minus the deductions allowed by section 422.9, in the case of individuals; in the case of estates or trusts, the words "taxable income" mean the taxable income (without a deduction for personal exemption) as computed for federal income tax purposes under the Internal Revenue Code of 1954, but with the adjustments specified in section 422.7 plus the Iowa income tax deducted in computing said taxable income and minus federal income taxes as provided in section 422.9.

4. The words "tax year" mean the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the net income is computed under this division.

a. If a taxpayer has made the election provided by section 441, subsection "f", of the Internal Revenue Code of 1954, "tax year" means the annual period so elected, varying from fifty-two to fifty-three weeks.

b. If the effective date or the applicability of a provision of this division is expressed in terms of a tax year beginning, including or ending with reference to a specified date which is the first or last day of a month, a tax year described in paragraph "a" of this subsection shall be treated as beginning with the first day of the calendar month beginning nearest to the first day of the tax year or as ending with the last day of the calendar month ending nearest to the last day of the tax year.

c. This subsection is effective for tax years ending on or after December 14, 1975.

10. The word "individual" means a natural person; and where an individual is permitted to file as a corporation, under the provisions of the Internal Revenue Code of 1954, such fictional status shall not be recognized for purposes of this chapter, and such the individual's taxable income shall be computed as required under the provisions of the Internal Revenue Code of 1954 relating to individuals not filing as a corporation, with the adjustments allowed by this chapter.

11. The term "head of household" shall have the same meaning as provided by the Internal Revenue Code of 1954.

14. The term "wages" shall have the same meaning as provided by the Internal Revenue Code of 1954.

~~18. For purposes of section 422.3, subsection 5, the Internal Revenue Code of 1954 shall be interpreted to include the provisions of Pub. L. No. 98-47~~

Sec. 3. Section 422.5, subsection 1, paragraph O, Code 1987, is amended to read as follows:

O. There is imposed upon every resident and nonresident of this state, including estates and trusts, the greater of the tax determined in paragraphs "a" through "n" or the state alternative minimum tax equal to nine seventy-five percent of the maximum state individual income tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer as computed under this paragraph.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income, as computed with the deductions in section 422.9, with the following adjustments:

(1) Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(8) and (a)(11) (a)(1), (a)(2), and (a)(5), of the Internal Revenue Code of 1954, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4), (b)(1)(C)(iii), and

(d), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code. In the case of an estate or trust, the items of tax preference, adjustments and losses shall be apportioned between the estate or trust and the beneficiaries in accordance with rules prescribed by the director. ~~For purposes of computing the items of tax preference, the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure shall not be taken into account in computing net capital gain if all of the following conditions are met:~~

~~(a) The forfeiture, transfer, or sale or exchange was done for the purpose of establishing a positive cash flow;~~

~~(b) Immediately before the forfeiture, transfer, or sale or exchange, the taxpayer's debt to asset ratio exceeded seventy-five percent as computed under generally accepted accounting practices;~~

~~(c) The taxpayer's net worth at the end of the tax year is less than seventy-five thousand dollars.~~

~~In determining a taxpayer's net worth at the end of the tax year a taxpayer shall include any asset transferred within one hundred twenty days prior to the end of the tax year without adequate and full consideration in money or money's worth. In determining the taxpayer's debt to asset ratio, the taxpayer shall include any asset transferred, within one hundred twenty days prior to such forfeiture, transfer, or sale or exchange, without adequate and full consideration in money or money's worth. For purposes of this subsection, actual notice of foreclosure includes, but is not limited to, bankruptcy or written notice from a creditor of the creditor's intent to foreclose where there is reasonable belief that the creditor can force a sale of the property.~~

(2) Subtract the applicable exemption amount as follows:

(a) Seventeen thousand five hundred dollars for a married person who files separately or for an estate or trust.

(b) Twenty-six thousand dollars for a single person or an unmarried head of household.

(c) Thirty-five thousand dollars for a married couple which files a joint return.

(d) The exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this subparagraph, exceeds the following:

(i) Seventy-five thousand dollars in the case of a taxpayer described in subparagraph part (a).

(ii) One hundred twelve thousand five hundred dollars in the case of a taxpayer described in subparagraph part (b).

(iii) One hundred fifty thousand dollars in the case of a taxpayer described in subparagraph part (c).

(3) In the case of a net operating loss computed for a tax year beginning after December 31, 1982 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of the items of tax preference arising in such year which was taken into account in computing the net operating loss in section 422.9, subsection 3. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

(4) Add the amount by which the aggregate losses from all passive activities, reduced by the aggregate income from passive activities, exceed the sum of the taxpayer's cash basis in passive activities which are not tax shelters plus the lesser of the taxpayer's cash basis in passive activities which are tax shelters or fifty thousand dollars. For purposes of this subparagraph the following apply:

(a) "Tax shelter" means the same as defined in section 461(i)(3) of the Internal Revenue Code of 1954.

(b) "Passive activity" means an activity where a substantial portion of the income from the activity is from a trade or business. Rents and royalties are income from a trade or business. "Passive activity" does not include, except in the case of limited partners, an activity where the taxpayer or taxpayer's spouse materially participates in the activity or provides substantial personal services for the activity. A loss incurred from a farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, will not be considered for purposes of this subparagraph to the extent that the loss is used in computing net income under section 422.7.

(c) "Cash basis" means in the case of an interest in a partnership, the adjusted basis of the taxpayer's interest determined without regard to any liability of or amount borrowed by the partnership with respect to the partnership which was secured by any assets of the partnership, and in all other cases, the adjusted basis of the taxpayer's interest determined under principles relating to the case of a partnership.

(d) A loss from any activity shall be determined under the principles of section 465(d) of the Internal Revenue Code of 1954 except that to the extent that any deduction is an item of tax preference in this section, that deduction shall not be taken into account.

(e) A loss from an activity that is disallowed under this subparagraph shall be treated as a deduction allowable to that activity in the first succeeding tax year.

(f) If the taxpayer disposes of the taxpayer's entire interest in a passive activity during a tax year, the amount of loss attributed to the activity determined after carryovers in part (e) of this subparagraph shall be allowed in computing alternative minimum taxable income and shall not be treated as a loss for purposes of this subparagraph.

~~The state alternative minimum tax of a taxpayer whose items of tax preference include the gain or loss from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt or from the sale or exchange of property as a result of actual notice of foreclosure where the fair market value of the taxpayer's assets exceeds the taxpayer's liabilities immediately before such forfeiture, transfer, or sale or exchange shall not be greater than such excess, including any asset transferred within one hundred twenty days prior to such forfeiture, transfer, or sale or exchange.~~

In the case of a resident, including a resident estate or trust, the state's apportioned share of the state alternative minimum tax is one hundred percent of the state alternative minimum tax computed in this subsection. In the case of a nonresident, including a nonresident estate or trust, or an individual estate or trust that is domiciled in the state for less than the entire tax year, the state's apportioned share of the state alternative minimum tax is the amount of tax computed under this subsection, reduced by the applicable credits in sections 422.10, 422.11, 422.11A and 422.12 and this result multiplied by a fraction with a numerator of the sum of state net income allocated to Iowa as determined in section 422.8, subsection 2, and plus tax preference items, adjustments, and losses under subparagraph (1) attributable to Iowa and with a denominator of the sum of total net income computed under section 422.7 and all tax preference items, adjustments, and losses under subparagraph (1). In computing this fraction, those items excludable under subparagraph (1) shall not be used in computing the tax preference items. Married taxpayers electing to file separate returns or separately on a combined return must allocate the minimum tax computed in this subsection in the proportion that each spouse's respective preference items, under section 57 of the

~~Internal Revenue Code of 1954~~ adjustments, and losses under subparagraph (1) bear to the combined preference items, adjustments, and losses under subparagraph (1) of both spouses.

Sec. 4. Section 422.5, subsections 6 and 10, Code 1987, are amended to read as follows:

6. A person who is disabled, is sixty-two years of age or older or is the surviving spouse of an individual or survivor having an insurable interest in an individual who would have qualified for the exemption under this paragraph for this tax year and receives one or more annuities from the United States civil service retirement and disability trust fund, and whose net income, as defined in section 422.7, is sufficient to require that the tax be imposed upon it under this section, may determine final taxable income for purposes of imposition of the tax by excluding the amount of annuities received from the United States civil service retirement and disability trust fund, which are not already excluded in determining net income, as defined in section 422.7, up to a maximum each tax year of five thousand five hundred dollars for a person who files a separate state income tax return and eight thousand dollars total for a husband and wife who file a joint state income tax return. However, a surviving spouse who is not disabled or sixty-two years of age or older can only exclude the amount of annuities received as a result of the death of the other spouse. The amount of the exemption shall be reduced by the amount of any social security benefits received. For the purpose of this section, the amount of annuities received from the United States civil service retirement and disability trust fund taxable under the Internal Revenue Code of 1954 shall be included in net income for purposes of determining eligibility under the five thousand dollar or less exclusion.

10. In addition to the other taxes imposed by this section, a tax is imposed on the amount of a lump sum

distribution for which the taxpayer has elected under section 402(e) of the Internal Revenue Code of 1954 to be separately taxed for federal income tax purposes for the tax year. The rate of tax is equal to twenty-five percent of the separate federal tax imposed on the amount of the lump sum distribution. A nonresident is liable for this tax only on that portion of the lump sum distribution allocable to Iowa. The total amount of the lump sum distribution subject to separate federal tax shall be included in net income for purposes of determining eligibility under the five thousand dollar or less exclusion.

Sec. 5. Section 422.5, subsection 8, Code 1987, is amended by striking the subsection.

, Sec. 6.. Section 422.6, unnumbered paragraph 2, Code 1987, is amended to read as follows:

The beneficiary of a trust who receives an accumulation distribution shall be allowed credit without interest for the Iowa income taxes paid by the trust attributable to such accumulation distribution in a manner corresponding to the provisions for credit under the federal income tax relating to accumulation distributions as contained in the Internal Revenue Code of 1954. The trust shall not be entitled to a refund of taxes paid on the distributions. The trust shall maintain detailed records to verify the computation of the tax.

Sec. 7. Section 422.1, Code 1987, is amended to read as follows:

422.1 "NET INCOME" -- HOW COMPUTED.

The term "net income" means the adjusted gross income as properly computed for federal income tax purposes under the Internal Revenue Code of 1954, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions

exempt from federal income tax under the Internal Revenue Code of 1954.

3. Where the adjusted gross income includes capital gains or losses, or gains or losses from property other than capital assets, and such gains or losses have been determined by using a basis established prior to January 1, 1934, an adjustment may be made, under rules prescribed by the director, to reflect the difference resulting from the use of a basis of cost or January 1, 1934, fair market value, less depreciation allowed or allowable, whichever is higher. Provided that the basis shall be fair market value as of January 1, 1955, less depreciation allowed or allowable, in the case of property acquired prior to that date if use of a prior basis is declared to be invalid.

4. Subtract installment payments received by a beneficiary under an annuity which was purchased under an employee's pension or retirement plan when the commuted value of said installments has been included as a part of the decedent employee's estate for Iowa inheritance tax purposes.

~~5. -- Add the amount by which the basis of qualified depreciable property is required to be increased for depreciation purposes under the Internal Revenue Code Amendments Act of 1964 to the extent that such amount equals the net amount of the special deduction allowed on the basis of the amount by which the depreciable basis of such qualified property was required to be reduced for depreciation purposes under the Internal Revenue Code Amendments Act of 1962. -- The "net amount of the special deduction" shall be computed by taking the sum of the amounts by which the basis of qualified property was required to be decreased for depreciation purposes for the years 1962 and 1963 and subtracting from it the sum of the amounts by which the basis of such property was required to be increased prior to 1964 for depreciation or disposition purposes under the Internal Revenue Code Amendments Act of 1962.~~

6. Individual taxpayers and married taxpayers who file a joint federal income tax return and who elect to file a joint return, separate returns or separate filing on a combined return for Iowa income tax purposes, may avail themselves of the disability income exclusion and shall compute the amount of the disability income exclusion subject to the limitations for joint federal income tax return filers provided by section 105(d) of the Internal Revenue Code of 1954. The disability income exclusion provided in section 105(d) of the Internal Revenue Code of 1954, as amended up to and including December 31, 1982, continues to apply for state income tax purposes for tax years beginning on or after January 1, 1984.

7. Add to the taxable income of trusts, that portion of trust income excluded from federal taxable income under section 641(c) of the Internal Revenue Code of 1954.

8. Married taxpayers who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for Iowa income tax purposes, may avail themselves of the expensing of business assets and capital loss provisions of sections 179(a) and 1211(b) respectively of the Internal Revenue Code of 1954 and shall compute the amount of expensing of business assets and capital loss subject to the limitations for joint federal income tax return filers provided by sections 179(b) and 1211(b) respectively of the Internal Revenue Code of 1954.

9. Subtract the amount of the jobs tax credit allowable for the tax year under section 51 of the Internal Revenue Code of 1954 to the extent that the credit increased federal adjusted gross income.

10. Married taxpayers, who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for state income tax purposes, shall include in net income any unemployment compensation benefits received subject to the limitations for joint federal income tax return filers provided in section 85 of the Internal Revenue Code of 1954.

11. Subtract the amount of the alcohol fuel credit allowable for the tax year under section 40 of the Internal Revenue Code of 1954 to the extent that the credit increased Federal adjusted gross income.

12. Married taxpayers, who file a joint federal income tax return and who elect to file separate returns or separate filing on a combined return for state income tax purposes, may avail themselves of the dividend exclusion provisions of section 116(a) of the Internal Revenue Code of 1954 and shall compute the dividend exclusion subject to the limitations for joint federal income tax return filers provided by section 116(a) of the Internal Revenue Code of 1954.

13. The exclusion of interest income provided by section 128 of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for tax years beginning on or after January 1, 1981 and before January 1, 1984.

14. The deduction for a married couple where both persons are wage earners which is provided by section 221 of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for tax years beginning on or after January 1, 1982.

~~15. The deduction allowed under section 162(h) of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for any tax year beginning on or before December 31, 1980. The deduction allowed under section 684 of the Tax Reform Act of 1976, as amended up to and including December 31, 1980, is allowable in computing Iowa net income for tax years beginning on or before December 31, 1980, under provisions effective for the year for which the return is made. The deduction allowed under section 162(h) of the Internal Revenue Code of 1954 is not applicable in computing Iowa net income for any tax year beginning on or after January 1, 1981. The deduction allowed under section 684 of the Tax Reform Act of 1976, as amended up to and including December 31, 1980, is allowable in computing Iowa net income for tax~~

~~years beginning on or after January 1, 1981. The maximum allowable deduction, other than for travel expense, shall not exceed fifty dollars per day, where the taxpayer elects on the Iowa return to be governed by section 604 of the Tax Reform Act of 1976 as amended up to and including December 31, 1980, unless the taxpayer itemized expenses.~~

16. Add the amounts deducted and subtract the amounts included as income as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code of 1954 for property placed in service by the transferee prior to January 1, 1986 to the extent that the amounts deducted and the amounts included in income are not otherwise deductible or included in income under the Internal Revenue Code of 1954 as amended to and including December 31, 1985. Entitlement to depreciation on any property included in a sale-leaseback agreement which is placed in service by the transferee prior to January 1, 1986 shall be determined under the Internal Revenue Code of 1954 as amended to and including December 31, 1985, excluding section 168(f)(8) in making the determination.

~~17. Subtract the amount of unemployment compensation to be included in Iowa net income for any tax year. Add back the amount of unemployment compensation computed under section 85 of the Internal Revenue Code of 1954, as amended up to and including December 31, 1981. This subsection is effective only for the tax year beginning on or after January 1, 1982 and before December 31, 1982.~~

18. If the adjusted gross income includes income or loss from a small business operated by the taxpayer, an additional deduction shall be allowed in computing the income or loss from the small business if the small business hired for employment in the state during its annual accounting period ending with or during the taxpayer's tax year any of the following:

a. A handicapped individual domiciled in this state at the time of the hiring who meets any of the following conditions:

- (1) Has a physical or mental impairment which substantially limits one or more major life activities.
- (2) Has a record of that impairment.
- (3) Is regarded as having that impairment.

b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

- (1) Has been convicted of a felony in this or any other state or the District of Columbia.
- (2) Is on parole pursuant to chapter 906.
- (3) Is on probation pursuant to chapter 907, for an offense other than a simple misdemeanor.
- (4) Is in a work release program pursuant to chapter 246, division IX.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under section 907A.1 applies.

The amount of the additional deduction is equal to fifty percent of the wages paid to individuals named in paragraphs "a", "b", and "c" who were hired for the first time by that business during the annual accounting period for work done in the state. This additional deduction is allowed for the wages paid to those individuals successfully completing a probationary period during the twelve months following the date of first employment by the business and shall be deducted at the close of the annual accounting period.

The additional deduction shall not be allowed for wages paid to an individual who was hired to replace an individual whose employment was terminated within the twelve-month period preceding the date of first employment. However, if the individual being replaced left employment voluntarily without good cause attributable to the employer or if the individual was discharged for misconduct in connection with the

individual's employment as determined by the division of job service of the department of employment services, the additional deduction shall be allowed.

A taxpayer who is a partner of a partnership or a shareholder of a subchapter S corporation, may deduct thnr portion of wages qualified under this subsection paid by the partnership or subchapter S corporation based on the taxpayer's pro rata share of the profits or losses from the partnership or subchapter S corporation.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

19. Married taxpayers, who file a joint federal income tax return and who elect to file separate returns or who elect separate filing on a combined return for state income tax purposes, shall include in net income any social security benefits or tier-1-railroad-retirement-benefits received to the same extent as those benefits are taxable on the taxpayer's joint federal return for that year under section 86 of the Internal Revenue Code of 1954. The benefits included in net income must be allocated between the spouses in the ratio of the social security benefits or tier-f-railroad retirement-benefits received by each spouse to the total of these benefits received by both spouses.

20. Subtract the unemployment-compensation-benefits-for tax-years-beginning-on-January-1, 1979-to-the-extent-these benefits-had-been-included-in-net-income-on-a-return-filed before-January-1, 1981-and-were-excluded-from-income-under-Act

~~section-1075-of-the-Tax-Reform-Act-of-1984.--Notwithstanding the-statute-of-limitations-specified-in-section-422-73, subsection-27-taxpayers-who-would-be-barred-from-claiming-a refund-or-credit-from-an-overpayment-resulting-from-the-change made-by-Act-section-1075-of-the-Tax-Reform-Act-of-1984-are entitled-to-receive-a-refund-or-credit-if-they-file-a-claim with-the-department-on-or-before-June-30, 1986.~~

21. Add the four percent of the basic salary of a judge, who is a member of the judicial retirement system established in chapter 602, article 9, which is exempt from federal income tax under the Internal Revenue Code of 1954.

22. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code of 1954, exclusive of net gains incurred passively from the operation of a farming business, as defined in section 464(e) of the Internal Revenue Code of 1954, are to be combined from businesses, rents, partnerships, subchapter S corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code of 1954. For purposes of this subsection the following apply;

a. "Passive activity" means an activity where the taxpayer or a member of the taxpayer's family as defined in section 2032A(e)(2) of the Internal Revenue Code of 1954 does not materially participate in the activity or provide substantial personal services to the farming business. A taxpayer who is retired or disabled as described in section 2032A(b)(4) of the Internal Revenue Code of 1954 or is a surviving spouse as described in section 2032A(b)(5) shall be treated as materially participating in the farming business.

b. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year.

23. Add the amount of intangible drilling and development costs optionally deducted in the year paid or incurred as

allowed under section 263(c) of the Internal Revenue Code of 1954. This amount may be recovered through cost depletion or depreciation, as appropriate under rules prescribed by the director.

24. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code of 1954 that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code of 1954.

25. Subtract the income or loss resulting from the forfeiture of an installment real estate contract, the transfer of real or personal property securing a debt to a creditor in cancellation of that debt, or from the sale or exchange of property as a result of actual notice of foreclosure if all of the following conditions are met:

a. The forfeiture, transfer, or sale or exchange was done for the purpose of establishing a positive cash flow.

b. Immediately before the forfeiture, transfer, or sale or exchange, the taxpayer's debt to asset ratio exceeded ninety percent as computed under generally accepted accounting practices.

c. The taxpayer's net worth at the end of the tax year is less than seventy-five thousand dollars. In determining a taxpayer's net worth at the end of the tax year a taxpayer shall include any asset transferred within one hundred twenty days prior to the end of the tax year without adequate and full consideration in money or money's worth. In determining the taxpayer's debt to asset ratio, the taxpayer shall include any asset transferred within one hundred twenty days prior to such forfeiture, transfer, or sale or exchange without adequate and full consideration in money or money's worth. For purposes of this subsection, actual notice of foreclosure includes, but is not limited to, bankruptcy or written notice from a creditor of the creditor's intent to foreclose where there is a reasonable belief that the creditor can force a

sale of the asset. For purposes of this subsection, in the case of married taxpayers, except in the case of a husband and wife who live apart at all times during the tax year, the assets and liabilities of both spouses shall be considered for purposes of determining the taxpayer's net worth or the taxpayer's debt to asset ratio.

Sec. 8. Section 422.7, subsection 2, Code 1987, is amended to read as follows:

2. Add interest and dividends from foreign securities, and from securities of state and other political subdivisions & from regulated investment companies exempt from federal income tax under the Internal Revenue Code of 1954.

Sec. 9. Section 422.7, subsections 10, 12, 13, 14, and 22, Code 1987, are amended by striking the subsections.

Sec. 10. Section 422.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. Subtract the loss on the sale or exchange of a share of a regulated investment company held for six months or less to the extent the loss was disallowed under section 852(b)(4)(B) of the Internal Revenue Code.

Sec. 11. Section 422.9, subsections 1, 2, and 3, Code 1987, are amended to read as follows:

1. An optional standard deduction of fifteen percent of the net income after deduction of federal income tax, not to exceed one thousand two hundred dollars for a married person who files separately, one thousand two hundred dollars for a single person or three thousand dollars for a husband and wife who file a joint return, a surviving spouse as defined in section 2 of the Internal Revenue Code of 1954, or an unmarried head of household as defined in the Internal Revenue Code of 1954.

A taxpayer who claims the optional standard deduction under this subsection may, after claiming the optional standard deduction, claim the direct charitable contribution as allowed and subject to the same limitations provided under section

170(i) of the Internal Revenue Code ~~of-1954~~ for tax years ending on or before December 31, 1986. However, the deduction shall be computed as provided under section 170(1) of the Internal Revenue Code ~~of-1954~~ as applied to tax year 1984. Married taxpayers who have filed a joint federal return and who elect to file separate returns or separately on a combined state return must allocate their allowable charitable deduction to each spouse in the proportion that each spouse's respective net income bears to the total combined net income. Taxpayers affected by the allocation provisions of section 422.8 shall be permitted a deduction in the amount as is fairly and equitably allocable to Iowa under rules prescribed by the director.

42. The total of contributions, interest, taxes, medical expense, nonbusiness losses and miscellaneous expenses deductible for federal income tax purposes under the Internal Revenue Code ~~of-1954~~, with the following adjustments:

- a. Subtract the deduction for Iowa income taxes.
- b. Add the amount of federal income taxes paid or accrued as the case may be, during the tax year, adjusted by any federal income tax refunds. Provided, however, that where married persons, who have filed a joint federal income tax return, file separately, such total shall be divided between them according to the portion thereof paid or accrued, as the case may be, by each.
- c. Add the amount by which expenses paid or incurred in connection with the adoption of a child by the taxpayer exceed three percent of the net income of the taxpayer, or of the taxpayer and spouse in the case of a joint return. The expenses may include medical and hospital expenses of the natural mother which are incident to the child's birth and are paid by the taxpayer, welfare agency fees, legal fees, and all other fees and costs relating to the adoption of a child if the child is placed by a child-placing agency licensed under chapter 238 or by a person making an independent placement according to the provisions of chapter 600.

d. Add an additional deduction for mileage incurred by the taxpayer in voluntary work for a charitable organization consisting of the excess of the state employee mileage reimbursement over the amount deductible for federal income tax purposes. The deduction shall be proven by the keeping of a contemporaneous diary by the person throughout the period of the voluntary work in the tax year.

e. Subtract the adoption deduction permitted under section 222 of the Internal Revenue Code ~~of-1954~~.

f. Add the amount, not to exceed five thousand dollars, of expenses not otherwise deductible under this section actually incurred in the home of the taxpayer for the care of a person who is the grandchild, child, parent, or grandparent of the taxpayer or the taxpayer's spouse and who is unable, by reason of physical or mental disability, to live independently and is receiving, or would be eligible to receive if living in a health care facility licensed under chapter 135C, medical assistance benefits under chapter 249A. In the event that the person being cared for is receiving assistance benefits under chapter 239, the expenses not otherwise deductible shall be the net difference between the expenses actually incurred in caring for the person and the assistance benefits received under chapter 239.

3. If after applying all of the adjustments provided for in section 422.7, the allocation provisions of section 422.8 and the deductions allowable in this section subject to the modifications provided in section 172(d) of the Internal Revenue Code ~~of-1954~~, the taxable income results in a net operating loss, the net operating loss shall be deducted as follows:

a. The Iowa net operating loss shall be carried back three taxable years or to the taxable year in which the individual first earned income in Iowa whichever year is the later.

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection

or if not required to be carried back shall be carried forward fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code of-2954 is made, the Iowa net operating loss shall be carried forward fifteen taxable years.

Sec. 12. Section 422.9, subsection 1, unnumbered paragraph 2, Code 1987, is amended by striking the paragraph.

Sec. 13. Section 422.9, subsection 2, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The total of contributions, interest, taxes, medical expense, moving expenses, nonbusiness losses and miscellaneous expenses deductible for federal income tax purposes under the Internal Revenue Code of-5954, with the following adjustments:

Sec. 14. Section 422.9, subsection 2, paragraph e, Code 1987, is amended by striking the paragraph.

Sec. 15. Section 422.10, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state. For individuals, the credit shall equal equals six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to total qualified research expenditures. For purposes of this section, an individual may claim a research credit for qualifying research expenditures incurred by a partnership, subchapter S corporation, and estate or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, subchapter S corporation, or estate or trust. For purposes of this section, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for

the federal credit for increasing research activities which would be allowable under section 30 41 of the Internal Revenue Code of-19547-in-effect-on-January-17-1985.

Sec. 16. Section 422.12, subsection 1, paragraph c, Code 1987, is amended to read as follows:

c. For each dependent, an additional ten dollars. As used in this section, the term "dependent" shall have the same meaning as provided by the Internal Revenue Code of-2954.

Sec. 17. Section 422.12, subsection 2, unnumbered paragraph 1, Code 1987, is amended to read as follows:

A child and dependent care credit equal to forty-five percent of the federal child and dependent care credit provided in section 21 of the Internal Revenue Code of-1954.

Sec. 18. Section 422.13, subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. The individual is required to file a federal income tax return under the Internal Revenue Code Of-3954.

Sec. 19. Section 422.16, subsection 1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Every withholding agent and every employer as defined in this chapter and further defined in the Internal Revenue Code of-2954, with respect to income tax collected at source, making payment of wages to a nonresident employee working in Iowa, or to a resident employee, shall deduct and withhold from the wages an amount which will approximate the employee's annual tax liability on a calendar year basis, calculated on the basis of tables to be prepared by the department and schedules or percentage rates, based on the wages, to be prescribed by the department. Every employee or other person shall declare to the employer or withholding agent the number of the employee's or other person's personal exemptions and dependency exemptions or credits to be used in applying the tables and schedules or percentage rates. However, no greater number of personal or dependency exemptions or credits may be declared by the employee or other person than the number to

which the employee or other person is entitled except as allowed under section 3402(m)(1) of the Internal Revenue Code of 1954. The claiming of exemptions or credits in excess of entitlement is a serious misdemeanor.

Sec. 20. Section 422.16, subsection 11, paragraphs a and d, Code 1987, are amended to read as follows:

a. Every person or married couple filing a return shall make estimated tax payments if the person's or couple's Iowa income tax attributable to income other than wages subject to withholding can reasonably be expected to amount to fifty dollars or more for the taxable year, except that, in the cases of farmers and fishers, the exceptions provided in the Internal Revenue Code of 1954 with respect to making estimated payments shall apply. The estimated tax shall be paid in quarterly installments. The first installment shall be paid on or before the last day of the fourth month of the taxpayer's tax year for which the estimated payments apply. The other installments shall be paid on or before June 30, September 30, and January 31. However, at the election of the person or married couple, any installment of the estimated tax may be paid prior to the date prescribed for its payment. If a person or married couple filing a return has reason to believe that the person's or couple's Iowa income tax may increase or decrease, either for purposes of meeting the requirement to make estimated tax payments or for the purpose of increasing or decreasing estimated tax payments, shall increase or decrease any subsequent estimated tax payments accordingly.

d. Any amount of estimated tax paid is a credit against the amount of tax found payable on a final, completed return, as provided in subsection 9, relating to the credit for the tax withheld against the tax found payable on a return properly and correctly prepared under sections 422.5 through 422.25, and any overpayment of one dollar or more shall be refunded to the taxpayer and the return constitutes a claim

for refund for this purpose. Amounts less than one dollar shall not be refunded. The method provided by the Internal Revenue Code of 1954 for determining what is applicable to the addition to tax for underpayment of the tax payable applies to persons required to make payments of estimated tax under this section except the amount to be added to the tax for underpayment of estimated tax is an amount determined at the rate in effect under section 821.7. This addition to tax specified for underpayment of the tax payable is not subject to waiver provisions relating to reasonable cause, except as provided in the Internal Revenue Code of 1954. Underpayment of estimated tax shall be determined in the same manner as provided under the Internal Revenue Code of 1954 and the exceptions in the Internal Revenue Code of 1954 also apply.

Sec. 21. Section 422.20, subsection 2, Code 1987, is amended to read as follows:

2. It shall be unlawful for any officer, employee, or agent, or former officer, employee, or agent of the state to disclose to any person, except as authorized in subsection 1 of this section, any federal tax return or return information as defined in section 6103(b) of the Internal Revenue Code of 1954. It shall further be unlawful for any person to whom any federal tax return or return information, as defined in section 6103(b) of the Internal Revenue Code of 1954, is disclosed in a manner unauthorized by subsection 1 of this section to thereafter print or publish in any manner not provided by law any such return or return information. Any person committing an offense against the foregoing provision shall be guilty of a serious misdemeanor.

Sec. 22. Section 422.21, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Returns shall be in the form the director may, from time to time, prescribe, and shall be filed with the department on or before the last day of the fourth month after the expiration of the tax year except that co-operative associations as

defined in section 6072(d) of the Internal Revenue Code of 1954 shall file their returns on or before the fifteenth day of the ninth month following the close of the taxable year.

If, under the Internal Revenue Code of 1954, a corporation is required to file a return covering a tax period of less than twelve months, the state return shall be for the same period and shall be due forty-five days after the due date of the federal tax return, excluding any extension of time to file. In case of sickness, absence, or other disability, or if good cause exists, the director may allow further time for filing returns. The director shall cause to be prepared blank forms for the returns and shall cause them to be distributed throughout the state and to be furnished upon application, but failure to receive or secure the form does not relieve the taxpayer from the obligation of making a return that is required. The department may as far as consistent with the Code draft income tax forms to conform to the income tax forms of the internal revenue department of the United States government. Each return by a taxpayer upon whom a tax is imposed by section 422.57-subsection-17-paragraph-"g" shall show the county of the residence of the taxpayer.

Sec. 23. Section 422.25, subsection 1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Within three years after the return is filed or within three years after the return became due, including any extensions of time for filing, whichever time is the later, the department shall examine it and determine the correct amount of tax, and the amount determined by the department is the tax. However, if the taxpayer omits from income an amount which will, under the Internal Revenue Code of 1954, extend the statute of limitations for assessment of federal tax to six years under the federal law, the period for examination and determination is six years. In addition to the applicable period of limitation for examination and determination, the department may make an examination and determination at any

time within six months from the date of receipt by the department of written notice from the taxpayer of the final disposition of any matter between the taxpayer and the internal revenue service with respect to the particular tax year. In order to begin the running of the six-months' period, the notice shall be in writing in any form sufficient to inform the department of the final disposition with respect to that year, and a copy of the federal document showing the final disposition or final federal adjustments shall be attached to the notice.

Sec. 24. Section 422.32, subsections 4 and 11, Code 1987, are amended to read as follows:

4. The term "affiliated group" means a group of corporations as defined in section 1504(a) of the Internal Revenue Code of 1954.

~~117--For purposes of section 422.37-subsection-57-the Internal Revenue Code of 1954 shall be interpreted to include the provisions of Pub. L. No. 98-47.~~

Sec. 25. Section 422.33, subsection 4, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

4. In addition to all taxes imposed under this division, there is imposed upon each corporation doing business within the state the greater of the tax determined in subsection 1, paragraphs "a" through "d" or the state alternative minimum tax equal to sixty percent of the maximum state corporate income tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.35 and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except

subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4) and (d), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code. In making the adjustment under section 56(c)(1) of the Internal Revenue Code, interest and dividends from federal securities net of amortization of any discount or premium shall be subtracted.

b. Apply the allocation and apportionment provisions of subsection 2.

c. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

d. In the case of a net operating loss computed for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which is taken into account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 26. Section 422.33, subsection 5, Code 1987. is amended to read as follows:

5. The taxes imposed under this division shall be reduced by a state tax credit for increasing research activities in this state equal to six and one-half percent of the state's apportioned share of the qualifying expenditures for increasing research activities. The state's apportioned share

of the qualifying expenditures for increasing research activities is a percent equal to the ratio of qualified research expenditures in this state to the total qualified research expenditures. For purposes of this subsection, "qualifying expenditures for increasing research activities" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under section 38 41 of the Internal Revenue Code of 1954-in-effect-on-January-17-1985.

Any credit in excess of the tax liability for the taxable year shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on its final, completed return credited to the tax liability for the following taxable year.

Sec. 27. Section 422.35, Code 1987, is amended to read as follows:

422.35 NET INCOME OF CORPORATION -- NOW COMPUTED.

The term "net income" means the taxable income before the net operating loss deduction, as properly computed for federal income tax purposes under the Internal Revenue Code of 1954, with the following adjustments:

1. Subtract interest and dividends from federal securities.
2. Add interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax under the Internal Revenue Code of 1954.
3. Where the net income includes capital gains or losses, or gains or losses from property other than capital assets, and such gains or losses have been determined by using a basis established prior to January 1, 1934, an adjustment may be made, under rules and regulations prescribed by the director, to reflect the difference resulting from the use of a basis of cost or January 1, 1934. fair market value, less depreciation allowed or allowable, whichever is higher. Provided that the

basis shall be fair market value as of January 1, 1955, less depreciation allowed or allowable, in the case of property acquired prior to that date if use of a prior basis is declared to be invalid.

4. Subtract fifty percent of the federal income taxes paid or accrued, as the case may be, during the tax year, adjusted by any federal income tax refunds; and add the Iowa income tax deducted in computing said taxable income.

~~5. Add the amount by which the basis of qualified depreciable property is required to be increased for depreciation purposes under the Internal Revenue Code Amendments Act of 1964 to the extent that such amount equals the net amount of the special deduction allowed on the basis of the amount by which the depreciable basis of such qualified property was required to be reduced for depreciation purposes under the Internal Revenue Code Amendments Act of 1962. The "net amount of the special deduction" shall be computed by taking the sum of the amounts by which the basis of qualified property was required to be decreased for depreciation purposes for the years 1962 and 1963 and subtracting from it the sum of the amounts by which the basis of such property was required to be increased prior to 1964 for depreciation or disposition purposes under the Internal Revenue Code Amendments Act of 1962.~~

6. Subtract the amount of the jobs tax credit allowable for the tax year under section 51 of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

7. If the taxpayer is a small business corporation, subtract an amount equal to fifty percent of the wages paid to individuals named in paragraphs "a", "b", and "c" who were hired for the first time by the taxpayer during the tax year for work done in this state:

a. A handicapped individual domiciled in this state at the time of the hiring who meets any of the following conditions:

- (1) Has a physical or mental impairment which substantially limits one or more major life activities.
- (2) Has a record of that impairment.
- (3) Is regarded as having that impairment.

b. An individual domiciled in this state at the time of the hiring who meets any of the following conditions:

- (1) Has been convicted of a felony in this or any other state or the District of Columbia.
- (2) Is on parole pursuant to chapter 906.
- (3) Is on probation pursuant to chapter 907, for an offense other than a simple misdemeanor.
- (4) Is in a work release program pursuant to chapter 246, division IX.

c. An individual, whether or not domiciled in this state at the time of the hiring, who is on parole or probation and to whom the interstate probation and parole compact under section 907A.1 applies.

This deduction is allowed for the wages paid to the individuals successfully completing a probationary period named in paragraphs "a", "b", and "c" during the twelve months following the date of first employment by the taxpayer and shall be deducted in the tax years when paid.

For purposes of this subsection, "physical or mental impairment" means any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the body systems or any mental or psychological disorder, including mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.

For purposes of this subsection, "small business" means small business as defined in section 220.1, subsection 28, except that it shall also include the operation of a farm.

8. Subtract the amount of the alcohol fuel credit allowable for the tax year under section 40 of the Internal Revenue Code of 1954 to the extent that the credit increased federal taxable income.

9. Add the amounts deducted and subtract the amounts included in income as a result of the treatment provided sale-leaseback agreements under section 168(f)(8) of the Internal Revenue Code ~~of-1954~~ for property placed in service by the transferee prior to January 1, 1986 to the extent that the amounts deducted and the amounts included in income are not otherwise deductible or included in income under the other provisions of the Internal Revenue Code ~~of-1954, as amended to and including December 31, 1985~~. Entitlement to depreciation on any property involved in a sale-leaseback agreement which is placed in service by the transferee prior to January 1, 1986 shall be determined under the Internal Revenue Code of ~~1954 as amended to and including December 31, 1985~~, excluding section 168(f)(8) in making the determination.

10. Add the amount of windfall profits tax deducted under section 164(a) of the Internal Revenue Code ~~of-1954~~.

11. Add the combined net losses from passive farming activity in excess of twenty-five thousand dollars that offset income from other sources. Net losses under section 165 of the Internal Revenue Code ~~of-1954~~, exclusive of net gains incurred passively from the operation of a farming business, ~~as defined in section 464(e) of the Internal Revenue Code of 1954~~, are to be combined from businesses, rents, partnerships, corporations, estates or trusts except losses under sections 1211 and 1231 of the Internal Revenue Code ~~of-1954~~. Farming activity is passive if the taxpayer does not materially participate in the activity nor provide substantial services to the farming business. A loss from an activity that is disallowed under this subsection shall be treated as a deduction allowable to that activity in the first succeeding tax year. . .

12. Add the percentage depletion amount determined with respect to an oil, gas, or geothermal well using methods in section 613 of the Internal Revenue Code ~~of-1954~~ that is in excess of the cost depletion amount determined under section 611 of the Internal Revenue Code ~~of-1954~~.

13. If after applying all of the adjustments provided for in this section and the allocation and apportionment provisions of section 422.33, the Iowa taxable income results in a net operating loss, such net operating loss shall be deducted as follows:

a. The Iowa net Operating loss shall be carried back three taxable years or to the taxable year in which the corporation first commenced doing business in this state, whichever is later.

b. The Iowa net operating loss remaining after being carried back as required in paragraph "a" of this subsection or if not required to be carried back shall be carried forward fifteen taxable years.

c. If the election under section 172(b)(3)(C) of the Internal Revenue Code ~~of-1954~~ is made, the Iowa net operating loss shall be carried forward fifteen taxable years.

d. No portion of a net operating loss which was sustained from that portion of the trade or business carried on outside the state of Iowa shall be deducted.

Provided, however, that a corporation affected by the allocation provisions of section 422.33 shall be permitted to deduct only such portion of the deductions for net operating loss and federal income taxes as is fairly and equitably allocable to Iowa, under rules prescribed by the director.

Sec. 28. Section 422.35, subsection 2, Code 1987, is amended to read as follows:

2. Add interest and dividends from foreign securities, and from securities of state and other political subdivisions from regulated investment companies exempt from federal income tax under the Internal Revenue Code of-1954.

Sec. 29. Section 422.35, subsection 11, Code 1987, is amended by striking the subsection.

Sec. 30. Section 422.35. Code 1987, is amended by adding the following new subsection:.

NEW SUBSECTION. Subtract the loss on the sale or exchange of a share of a regulated investment company held for six months or less to the extent the loss was disallowed under section 852(b)(4)(B) of the Internal Revenue Code.

Sec. 31. Section 422.36, subsection 5, Code 1987, is amended to read as follows:

5. Where a corporation is not subject to income tax and the stockholders of such corporation are taxed on the corporation's income under the provisions of the Internal Revenue Code of-5954, the same tax treatment shall apply to such corporation and such stockholders for Iowa income tax purposes.

Sec. 32. Section 422.37, subsection 7, Code 1987, is amended to read as follows:

7. The computation of consolidated taxable income for the members of an affiliated group of corporations subject to tax shall be made in the same manner and under the same procedures, including all intercompany adjustments and eliminations, as are required for consolidating the incomes of affiliated corporations for the taxable year for federal income tax purposes in accordance with section 1502 of the Internal Revenue Code of-1954.

Sec. 33. Section 422.60, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

422.60 IMPOSITION OF TAX.

1. A franchise tax according to and measured by net income is imposed on financial institutions for the privilege of doing business in this state as financial institutions.

2. In addition to all taxes imposed under this division, there is imposed upon each financial institution doing business within the state the greater of the tax determined in section 422.63 or the state alternative minimum tax equal to sixty percent of the maximum state franchise tax rate, rounded to the nearest one-tenth of one percent, of the state alternative minimum taxable income of the taxpayer computed under this subsection.

The state alternative minimum taxable income of a taxpayer is equal to the taxpayer's state taxable income as computed with the adjustments in section 422.61, subsection 4, and with the following adjustments:

a. Add items of tax preference included in federal alternative minimum taxable income under section 57, except subsections (a)(1) and (a)(5), of the Internal Revenue Code, make the adjustments included in federal alternative minimum taxable income under section 56, except subsections (a)(4), (c)(1), (d), (f), and (g), of the Internal Revenue Code, and add losses as required by section 58 of the Internal Revenue Code.

b. Make the adjustments provided in section 56(c)(1) of the Internal Revenue Code, except that in making the calculation under sections 56(f)(1) and 56(g)(1) of the Internal Revenue Code the state alternative minimum taxable income, computed without regard to the adjustments made by this paragraph, the exemption provided for in paragraph "d", and the state alternative tax net operating loss described in paragraph "e", shall be substituted for the items described in sections 56(f)(1)(B) and 57(g)(1)(B) of the Internal Revenue Code.

c. Apply the allocation and apportionment provisions of section 422.60.

d. Subtract an exemption amount of forty thousand dollars. This exemption amount shall be reduced, but not below zero, by an amount equal to twenty-five percent of the amount by which the alternative minimum taxable income of the taxpayer, computed without regard to the exemption amount in this paragraph, exceeds one hundred fifty thousand dollars.

e. In the case of a net operating loss beginning after December 31, 1986 which is carried back or carried forward to the current taxable year, the net operating loss shall be reduced by the amount of items of tax preference and adjustments arising in the tax year which was taken into

account in computing the net operating loss in section 422.35, subsection 13. The deduction for a net operating loss for a tax year beginning after December 31, 1986 which is carried back or carried forward to the current taxable year shall not exceed ninety percent of the alternative minimum taxable income determined without regard for the net operating loss deduction.

Sec. 34. Section 422.61, subsection 2, Code 1987, is amended to read as follows:

2- "Taxable year" means the calendar year or the fiscal year ending during a calendar year, for which the tax is payable. "Fiscal year" includes a tax period of less than twelve months if, under the Internal Revenue Code of 1954, a corporation is required to file a tax return covering a tax period of less than twelve months.

Sec. 35. Section 422.61, subsection 4, Code 1987, is amended to read as follows:

4. "Net income" means the net income of the financial institution computed in accordance with section 422.35, with the exception that interest and dividends from federal securities shall not be subtracted, no federal income taxes paid or accrued shall not be subtracted, and notwithstanding the provisions of sections 262.41 and 262.51 or any other provisions of the law, income from obligations of the state and its political subdivisions and any amount of franchise taxes paid or accrued under this division during the taxable year shall be added. Any deduction disallowed under section 265(b) or 291(e)(1)(B) of the Internal Revenue Code shall be subtracted.

Sec. 36. Section 422.72, subsection 2, Code 1987, is amended to read as follows:

2. Federal tax returns, copies of returns, and return information as defined in section 6103(b) of the Internal Revenue Code of 1954, which are required to be filed with the department for the enforcement of the income tax laws of this

state, shall be deemed and held as **confidential** by the department and **subject** to the disclosure limitations in subsection 1 of this section.

Sec. 37. Section 422.73, subsection 4, Code 1987, is amended by striking the subsection.

Sec. 38. Section 422.73, code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. Notwithstanding subsection 2, a claim for credit or refund of the income tax paid for a tax year beginning in the 1983 calendar year is considered timely if the claim is filed with the department on or before October 22, 1987, if the taxpayer's federal income tax was forgiven under section 692 of the Internal Revenue Code because the taxpayer died, or was missing in action and determined dead, while serving in a combat zone. To the extent the federal income tax was forgiven under section 692 of the Internal Revenue Code for the tax year, the Iowa income tax is also forgiven.

NEW SUBSECTION. Notwithstanding subsection 2, a claim for credit or refund of the state alternative minimum tax paid for any tax year beginning on or after January 1, 1982 and before January 1, 1984 is considered timely if the claim is filed with the department on or before October 22, 1987, if the taxpayer's capital gains preference items for purposes of the federal individual alternative minimum tax was reduced as a result of section 13208 of the Consolidated Omnibus Budget Reconciliation Act of 1985 as amended by section 1896 of the Tax Reform Act of 1986.

Sec. 39. Section 450.3, subsections 2 and 7, Code 1987, are amended to read as follows:

2. By deed, grant, sale, gift or transfer made within three years of the death of the grantor or donor, which is not a bona fide sale for an adequate and full consideration in money or money's worth and which is in excess of the annual gift tax exclusion allowable for each donee under section

2503, subsections b and e of the Internal Revenue Code of-1954 as defined in section 422.3. If both spouses consent, a gift made by one spouse to a person who is not the other spouse is considered, for the purposes of this subsection, as made one half by each spouse under the same terms and conditions provided for in section 2513 of the Internal Revenue Code of 2954 as defined in section 422.3.

7. Which qualifies as a qualified terminable interest property as defined in section 2056(b)(7)(B) of the Internal Revenue Code of-1954 as defined in section 422.3, shall, if an election is made, be treated and considered as passing in fee, or its equivalent, to the surviving spouse in the estate of the donor-grantor. Property on which the election is made shall be included in the gross estate of the surviving spouse and shall be deemed to have passed in fee from the surviving spouse to the persons succeeding to the remainder interest, unless the property was sold, distributed, or otherwise disposed of prior to the death of the surviving spouse. A sale, disposition, or disposal of the property prior to the death of the surviving spouse shall void the election, and shall subject the property disposed of, less amounts received or retained by the surviving spouse, to tax in the donor-grantor's estate in the same manner as if the tax had been deferred under sections 450.44 through 450.49.

Sec. 40. Section 450.37, subsection 1, paragraph b, Code 1987, is amended to read as follows:

The alternate value of the property, if the personal representative so elects, that has been established for federal estate tax purposes under section 2032 of the Internal Revenue Code of-1954 as defined in section 422.3. The election shall be exercised on the return by the personal representative or other person signing the return, within the time prescribed by law for filing the return or before the expiration of any extension of time granted for filing the return.

Sec. 41. Section 450A.1, Code 1987, is amended to read as follows:

450A.1 DEFINITIONS.

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

1. "Generation skipping transfer" means the generation skipping transfer as defined in section 2611 of the Internal Revenue Code of-2954.
2. "Internal Revenue Code of-2954" means the same as the term is defined in section 422.3.
3. ~~"Deemed-transferor" means the deemed-transferor as defined in section 2612 of the Internal Revenue Code of-1954.~~
4. "Director" means the director of the department of revenue and finance.
5. ~~"Generation-skipping-trust" means a generation-skipping trust as defined in section 2611 of the Internal Revenue Code of-1954.~~
6. ~~"Generation-skipping-trust-equivalent" means a generation-skipping-trust-equivalent as defined in section 2611 of the Internal Revenue Code of-1954.~~
7. "Distributee Transferee" means a person receiving property in a generation skipping transfer.
8. "Department" means the department of revenue and finance.
6. "Direct skip" means the same as the term is defined in section 2612(c) of the Internal Revenue Code.
7. "Taxable termination" means the same as the term is defined in section 2612(a) of the Internal Revenue Code.
8. "Taxable distribution" means the same as the term is defined in section 2612(b) of the Internal Revenue Code,
9. "Transferor", "trust", "trustee" and "interest" means the same as those respective terms are defined in section 2652 of the Internal Revenue Code.

Sec. 42. Section 450A.2, Code 1987, is amended to read as follows:

450A.2 IMPOSITION OF TAX.

A tax is imposed on the transfer of any property, included in a generation skipping transfer, other than a direct skip, occurring at the same time as, or after, and as a result of the death of the deemed transferor an individual, equal to the in an amount of equal to the maximum Federal credit allowable under section ~~2602(c)(5)(B)~~ 2604 of the Internal Revenue Code of 1954, for that portion of state estate, inheritance, legacy, or succession tax the generation skipping transfer tax actually paid to the state in respect of any property included in the generation skipping transfer.

Where the deemed transferor is a resident of Iowa and all property included in a generation skipping transfer that is subject to tax under this section has a situs in Iowa, or is subject to the jurisdiction of the courts of Iowa, an amount equal to the total credit as allowed under the Internal Revenue Code of 1954 shall be paid to the state of Iowa. Where the deemed transferor is a nonresident or where the property included in a generation skipping transfer that is subject to tax under this section has a situs outside the state of Iowa and not subject to the jurisdiction of Iowa courts, the tax shall be prorated on the basis that the value of Iowa property included in the generation skipping transfer bears to the total value of property included in the generation skipping transfer.

Sec. 43. Section 450A.3, Code 1987, is amended to read as follows:

450A.3 VALUE OF PROPERTY.

The value of property, included in a generation skipping transfer, shall be the same as determined for federal generation skipping transfer tax purposes under the Internal Revenue Code of 1954.

Sec. 44. Section 450A.4, Code 1987, is amended to read as follows:

450A.4 PAYMENT OF THE TAX

The tax imposed by this chapter shall be paid within twelve months on or before the last day of the ninth month after the death of the deemed transferor or the day which is twelve months after the day on which such generation skipping transfer occurred individual whose death is the event causing the generation skipping transfer which is eligible for the credit for state taxes paid under section 2604 of the Internal Revenue Code. For purposes of this chapter, any property transferred during the three-year period ending on the date of the deemed transferor's death and which is included in a generation skipping transfer under the Internal Revenue Code of 1954 shall be considered as transferred on the deemed transferor's death.

The tax imposed by this chapter shall be paid within twelve months on or before the last day of the ninth month after the death of the deemed transferor or the day which is twelve months after the day on which such generation skipping transfer occurred individual whose death is the event causing the generation skipping transfer which is eligible for the credit for state taxes paid under section 2604 of the Internal Revenue Code. For purposes of this chapter, any property transferred during the three-year period ending on the date of the deemed transferor's death and which is included in a generation skipping transfer under the Internal Revenue Code of 1954 shall be considered as transferred on the deemed transferor's death.

Sec. 45. Section 450A.5, Code 1987, is amended to read as follows:

450A.5 LIABILITY FOR THE TAX.

The distributee transferee of the property included in the generation skipping transfer shall be personally liable for the tax to the extent of the fair-market its value, determined under section 2624 of the Internal Revenue Code as of the time of the distribution of the property received in the distribution generation skipping transfer. If the tax is attributable to a taxable termination, as defined in section ~~2612~~ 2612(a) of the Internal Revenue Code of 1954, the trustee and the transferee shall be personally liable for the tax to the extent of the value of the property subject to tax under the trustee's control.

Sec. 46. Section 450A.6, Code 1987, is amended to read as follows:

450A.6 LIEN OF THE TAX.

The tax imposed by this chapter shall be a lien on the property subject to the tax for a period of ten years from the time the generation skipping transfer occurs. Full payment of the tax, penalty and interest due and interest, if any, shall

release the lien and discharge the distributee transferee and trustee of personal liability. Unless the lien has been perfected by recording, a transfer by the distributee transferee or the trustee to a bona fide purchaser for value shall divest the property of the lien. If the lien is perfected by recording, the rights of the state under the lien have priority over all subsequent mortgages, purchases or judgment creditors. The department may release the lien prior to the payment of the tax due if adequate security for payment of the tax is given.

Sec. 47. Section 450A.10, Code 1987, is amended to read as follows:

450A.10 DIRECTOR TO ENFORCE COLLECTION.

It shall be the duty of the director to enforce collection of the tax imposed by this chapter and shall with all the rights of a party in interest, represent the state in any proceedings to collect the tax. The director shall have the power to bring suit against any person liable for the payment of the tax, penalty, interest and costs and may foreclose the lien of the tax in the same manner as is now prescribed for the foreclosure of real estate mortgages and upon judgment may cause execution to be issued to sell so much of the property necessary to satisfy the tax, penalty, interest and costs due.

Sec. 48. Section 450A.11, Code 1987, is amended to read as follows:

450A.11 DUTY TO CLAIM MAXIMUM CREDIT.

It shall be the duty of any person liable for the payment of the tax to claim the maximum federal credit allowable for that portion of the state ~~estate-inheritance-legacy-or~~ succession generation skipping transfer tax paid in respect of any property included in a taxable generation skipping transfer. Claiming on a federal return a sum less than the maximum federal credit allowable shall not relieve any person liable for the tax of the duty to pay the tax imposed under this chapter.

If an amended or supplemental return is filed with the internal revenue service which results in a change in the amount of tax owing under this chapter, the persons liable for the payment of the tax shall submit an amended return, on forms prescribed by the director, indicating the amount of the tax then owing as a result of such change.

If any federal generation skipping transfer tax has been paid before the enactment of this chapter, the persons liable for the payment of the tax under this chapter shall file an amended federal return claiming the maximum federal credit allowable and file the Iowa returns specified in section 450A.8 within six months after the enactment of this chapter or within the time limit provided in section 450A.4 whichever is the later.

Sec. 49. Section 450B.1, Code 1987, is amended to read as follows:

450B.1 DEFINITIONS.

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

1. "Internal Revenue Code ~~of-1954~~" means the same as defined in section 122.3.
2. "Taxpayer" means a qualified heir liable for the inheritance tax imposed under chapter 450 on qualified real property.
3. "Qualified real property", "qualified use", "cessation of qualified use", and "qualified heir" mean the same as defined in section 2032A of the Internal Revenue Code ~~of-1954~~.
4. For purposes of subsection 1, the Internal Revenue Code ~~of-1954~~ shall be interpreted to include the provisions of Pub. L. NO. 98-4,

Sec. 50. Section 450B.2, Code 1987, is amended to read as follows:

450B.2 ALTERNATE ELECTION OF VALUE FOR QUALIFIED USE.

Notwithstanding section 450.37, the value of qualified real property for the purpose of the tax imposed under chapter 450

may, at the election of the taxpayer, be its value for the use under which it qualifies as prescribed by section 2032A of the Internal Revenue Code of 1954. A taxpayer may make an election under this section only if all of the following conditions are met:

1. An election for federal estate tax purposes was made with regard to the qualified real property under section 2032A of the Internal Revenue Code of 1954.

2. All persons who signed the agreement referred to in section 2032A(d)(2) of the Internal Revenue Code of 1954 make the election under this section and sign an agreement with the department of revenue and finance consenting to the application of section 4508.3 with respect to the qualified real property.

3. The total decrease in the value of the qualified real property as a result of the election under this section does not exceed the dollar limitation specified in section 2032A(a)(2) of the Internal Revenue Code of 1954.

The election under this section shall be made by the taxpayer in the manner as the director of revenue and finance may prescribe by rule. The value for the qualified use under this section shall be the value as determined and accepted for federal estate tax purposes.

The definitions and special rules specified in section 2032A(e) of the Internal Revenue Code of 1954 shall apply with respect to qualified real property for which an election was made under this section except that rules shall be prescribed by the director of revenue and finance in lieu of the regulations promulgated by the secretary of treasury.

The director shall prescribe regulations setting forth the application of this chapter in the case of an interest in a partnership, corporation, or trust which, with respect to the decedent, is an interest in a closely held business within the meaning of section 6166(b)(1) of the Internal Revenue Code of 1954. Such regulations shall conform as nearly as possible

with the regulations promulgated by the United States secretary of treasury in respect to such interests.

Sec. 51. Section 4508.3, Code 1987, is amended to read as follows:

4508.3 ADDITIONAL INHERITANCE TAX APPLICABLE.

There is imposed upon the qualified heir an additional inheritance tax if, within ten years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of, other than to a member of the family, any interest in qualified real property for which an election under section 4508.2 was made or ceases to use for the qualified use the qualified real property for which an election under section 4508.2 was made as prescribed in section 2032A(c) of the Internal Revenue Code of 1954. The additional inheritance tax shall be the amount computed under section 4508.5 and shall be due six months after the date of the disposition or cessation of qualified use referred to in this section. The amount of the additional inheritance tax shall accrue interest at the rate of ten percent per year from nine months after the decedent's death to the due date of the tax. The tax shall be paid to the department of revenue and finance and shall be deposited into the general fund of the state. Taxes not paid within the time prescribed in this section shall draw interest at the rate of ten percent per annum until paid. There shall not be an additional inheritance tax if the disposition or cessation occurs ten years or more after the decedent's death.

Sec. 52. Section 451.1, subsection 8, Code 1987, is amended to read as follows:

8. "Internal Revenue Code of 1954" means the same as defined in section 422.3.

Sec. 53. Section 451.2, unnumbered paragraph 1, Code 1987, is amended to read as follows:

An amount equal to the federal estate tax credit for state death taxes as allowed in the Internal Revenue Code of 1954 is

hereby imposed upon every transfer of the net estate of every decedent, being a resident of, or owning property in this state, ~~as herein provided.~~

Sec. 54. Section 451.3, Code 1987, is amended to read as follows:

451.3 GROSS AND NET ESTATE.

The gross estate shall be the same as finally determined for federal estate tax and the net estate shall be the gross estate less deductions as permitted by Federal law, in arriving at the net taxable federal estate, all determined as provided in the Internal Revenue Code ~~of 1954.~~

Sec. 55. Section 450A.13, Code 1987, is repealed.

Sec. 56. No addition to the tax shall be made under section 422.16, subsection 11, paragraph "d" or section 422.88, relating to the underpayment of estimated tax, for any tax year beginning before January 1, 1987 with respect to any underpayment, to the extent such underpayment was created or increased by any provision of the federal Tax Reform Act of 1986 or this Act.

Sec. 57. Sections 1, 2, 4, 5, 6, 7, 11, 15 through 24, 26, 27, 31, 32, 34, and 36 of this Act are retroactive to January 1, 1986 for tax years beginning on or after that date.

Sec. 58. Sections 3, 8, 9, 10, 12, 13, 14, 25, 28, 29, 30, 33, and 35 of this Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 59. Sections 39, 40, 49, 50, 51, 52, 53, and 54 of this Act are retroactive to January 1, 1987 for estates of persons dying on or after that date.

Sec. 60. Sections 41 through 48 of this Act are retroactive to October 22, 1986 for generation skipping transfers which are eligible for the credit for state taxes under section 2604 of the Internal Revenue Code and are made after October 22, 1986, subject to the special rules of section 1433(b) of Public Law 99-514.

Sec. 61. Section 55 of this Act is retroactive to June 11, 1976.

Sec. 62. This Act, being deemed of immediate importance, takes effect upon enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 153, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

H. F. 153



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319
SIS 281-5211

June 7, 1987

The Honorable Elaine Baxter
Secretary of State
State Capitol Building
L O C A L

Dear Madam Secretary:

House File 153, an act relating to the state's conforming its income, franchise, and death taxes with the new federal tax provisions by updating references to the internal revenue code, rewriting the state minimum taxes to conform with the federal alternative minimum taxes, rewriting the state generation skipping transfer tax to conform with the federal provisions, striking obsolete and repealed items, clarifying the taxation of regulated investment company dividends and shares, extending the statute of limitations for certain refund claims, providing for waiver of penalty for underpayment of estimated tax, and providing effective dates, is hereby transmitted to you in accordance with Article 3, Section 16, the Constitution of the State of Iowa.

House File 153 provides for the coupling of the state's individual, corporate, franchise and death taxes with changes made in the new federal income tax code. In the past 31 years, state action to conform Iowa's definitions of taxable income and allowable deductions with those of the federal income-tax code has been relatively routine. The so-called coupling of these definitions has been done in order to provide Iowa taxpayers with the ability to keep one set of accounts for income tax purposes.

However, the Tax Reform Act of 1986 dramatically changed the federal definitions of what is taxable and what is not. A great number of so-called tax preferences or loopholes were eliminated from the federal tax code and, in return, the federal government dramatically reduced its income tax rates.

The Honorable Elaine Baxter
June 7, 1987
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In Iowa, coupling with the federal definitions of taxable income would provide Iowa taxpayers with a substantial ease of accounting and tax preparation. However, simply coupling with the federal definitions without reducing the Iowa income tax rates would require Iowa taxpayers to pay an additional \$170 million of Iowa income taxes.

Since January, I have indicated that broadening Iowa's income tax base without an accompanying reduction in Iowa's income tax rates would not be acceptable. Iowa's income tax rate Structure -- with 13 rates and a top rate of 13% -- is simply uncompetitive. It leaves Iowa with the highest top individual income tax rate in the country. Such a rate is counterproductive to the state's efforts to compete for new jobs, and greatly limits our ability to attract entrepreneurs.

As a result, I recommended that the General Assembly dramatically revise Iowa's income tax structure, while, at the same time, coupling with the federal definitions of taxable income and allowable deductions. Such a tax reform plan would have provided Iowa with a fair, simple, and competitive income tax structure. I am greatly disappointed that the Iowa General Assembly both in the regular session and in an extraordinary session which has just been completed, failed to adopt any tax reform in Iowa.

No rate reduction was provided for -- leaving Iowa with a top rate of 13% -- the highest in the nation. No simplification of Iowa's current income tax system is incorporated in the law -- if anything, the Iowa income tax structure will be even more complex after the recent legislative action.

And, Iowa's income tax structure will not be fair due to the failure to close loopholes and the selective coupling done for operators of businesses who still must pay the high individual income tax rates.

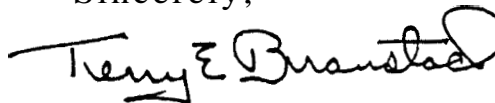
I have clearly indicated my intent to veto this coupling bill without an accompanying income tax rate reduction bill. Since the forces of inertia in the General Assembly were sufficient to prevent a tax reform and rate reduction bill from reaching my desk, I must veto the \$170 million income tax increase which coupling would bring about.

The Honorable Elaine Baxter
June 7, 1987
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I urge the General Assembly in the future to try again to reform Iowa's income tax system. We simply must reduce our highest in the nation top individual income tax rate and ease the paper work and enforcement burden for Iowa income taxpayers.

In summary, because of the failure of the Iowa General Assembly to reduce Iowa income tax rates, I must veto House File 153 -- the income tax coupling bill.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad". The signature is written in a cursive style with a large, looped initial "T".

Terry E. Branstad
Governor

TEE :cc

Sec. 2. Section 321.191, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The fee ~~for~~ an operator's license shall be ~~seven~~ **eight** dollars if issued for a period of two years, and ~~twenty~~ **sixteen** dollars if issued for a period of ~~six~~ **four** years. The fee for a chauffeur's license shall be ~~fourteen~~ **fifteen** dollars if issued for a period of two years, and ~~fifty~~ **thirty** dollars if issued for a period of ~~six~~ **four** years. The fee for ~~an~~ a temporary instruction permit shall be six dollars, for a chauffeur's instruction permit, twelve dollars, ~~far-s~~ ~~temporary-driver's-permit-ten-dollars~~ **for a school license, ten dollars, for a restricted license issued under section 321.178, subsection 2, ten dollars** and for a motorized bicycle license, ten dollars.

Sec. 3. Section 321.196, unnumbered paragraph 1, Code 1987. is amended to read as follows:

An ~~Except as otherwise provided, an~~ operator's license expires ~~six~~, at the option of the applicant, two or four years from the licensee's birthday anniversary occurring in the year of issuance if the licensee is between the ages of eighteen and seventy years on the date of issuance of the license, otherwise the license is effective for a period of two years. The license is renewable without written examination or penalty within a period of thirty days after its expiration date. A person shall not be considered to be driving with an invalid license during a period of thirty days following the license expiration date. However, for a license renewed within the thirty-day period, the date of issuance shall be considered to be the previous birthday anniversary on which it expired. Applicants whose licenses are restricted due to vision or other physical deficiencies may be required to renew their licenses every two years. ~~for the purposes of this~~ section the birthday anniversary of a person born on February 29 shall be deemed to occur OR March 1. All applications for renewal of operators' licenses shall be made under the direct

HOUSE FILE 167

AN ACT

RELATING TO FEES FOR, ISSUANCE OF AND DURATION OF MOTOR VEHICLE LICENSES AND REQUIRING MOTOR VEHICLE LICENSES AND NONOPERATOR'S IDENTIFICATION CARDS ISSUED TO PERSONS UNDER TWENTY-ONE YEARS OF AGE TO CONTAIN A PROFILE PHOTOGRAPH AND PROVIDING AN EFFECTIVE DATE AND CONDITIONAL REPEAL AND REENACTMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 321.189, subsection 1, unnumbered paragraph 2, Code 1987, is amended to read as follows:

A motor vehicle license or a nonoperator's identification card issued to a person under ~~nineteen~~ ~~twenty-one~~ years of age shall be identical in form to any other motor vehicle license or nonoperator's identification card issued to any other person, except that the photograph appearing on the face of the license or card shall be a side profile of the applicant. Upon attaining the age of ~~nineteen~~ ~~twenty-one~~, and upon the payment of a one dollar fee, the person shall be entitled to a new motor vehicle license or nonoperator's identification card for the unexpired months of the motor vehicle license or the nonoperator's identification card. This paragraph is effective for licenses or cards issued after July 1, 1984 1987, to persons born after September 1, 1967.

H F. 167

supervision of a uniformed member of the department and shall be approved by the uniformed member. The department in its discretion may authorize the renewal of a valid license upon application without an examination provided that the applicant satisfactorily passes a vision test as prescribed by the department.

Sec. 4. Section 321.197, Code 1987, is amended to read as follows:

321.197 EXPIRATION OF CHAUFFEUR'S LICENSE.

Every Except as otherwise provided, every chauffeur's license shall expire every-six, at the option of the applicant, two or four years on from the licensee's birthday anniversary occurring in the year of issuance. A chauffeur's license may be renewed within thirty days after the applicant's license expiration date without written examination or penalty. A person shall not be considered to be driving with an invalid license during a period of thirty days following the license expiration date. For any license renewed within the thirty-day period, the date of issuance shall be considered to be the previous birthday anniversary on which is expired. However, if the licensee is seventy years of age or older on the date of issuance of the license, the license shall be issued to be valid for two years. For the purposes of this section the birthday anniversary of a person born on February 29 shall be deemed to occur on March 1. The department in its discretion may waive the examination of any applicant previously licensed as a chauffeur under this chapter, provided that the person satisfactorily passes a vision test as prescribed by the department. An application for the renewal of a chauffeur's license shall be made under the direct supervision of a uniformed member of the department and shall be approved by the uniformed member.

Sec. 5. Section 321.198, unnumbered paragraph 2, Code 1987, is amended to read as follows:

The department is hereby authorized to renew any operator's motor vehicle license falling within the provisions and limitations of the preceding paragraph, without examination, upon application and payment of fee made within six months following separation from the military service.

Sec. 6. Section 321.210, unnumbered paragraph 11, Code 1987, is amended by striking the paragraph and inserting in lieu thereof the following:

The department may, on application, issue a temporary restricted license to a person, whose motor vehicle license is suspended, canceled, or revoked under this chapter, allowing the person to drive to and from the person's home and specified places at specified times which can be verified by the department and which are required by the person's full-time or part-time employment: continuing health care or the continuing health care of another who is dependent upon the person; continuing education while enrolled in an educational institution on a part-time or full-time basis and while pursuing a course of study leading to a diploma, degree, or other certification of successful educational completion; substance abuse treatment; or court-ordered community service responsibilities. However, a temporary restricted license shall not be issued to a person whose license is revoked under section 321.209, subsections 1 through 5. A temporary restricted license may be issued to a person whose license is revoked under section 321.209, subsection 6, only if the person has no previous drag racing convictions. A person holding a temporary restricted license issued by the department under this section shall not operate a motor vehicle for pleasure.

Sec. 7. CONDITIONAL REPEAL AND REENACTMENT.

If 23 U.S.C. § 158 is declared unconstitutional by the appellate court of the eighth circuit or by the supreme court of the United States, or if 23 U.S.C. § 158 is repealed by the United States congress or otherwise invalidated, section 1 of

this Act is repealed and section 321.189, subsection 1, unnumbered paragraph 2, Code 1987, is reenacted to read as it did prior to the effective date of this Act.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 167, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

H. F. 167

Sec. 2. This Act is effective October 1, 1987.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

HOUSE FILE 266

AN ACT
RELATING TO THE EXEMPTION FROM THE STATE SALES, SERVICES AND
USE TAX OF THE GROSS RECEIPTS FROM THE SALE OF FOODS PUR-
CHASED WITH FEDERAL FOOD STAMPS AND PROVIDING AN EFFECTIVE
DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.45, Code 1987, is amended by adding
the following new subsection:

NEW SUBSECTION. The gross receipts from the sale of foods
purchased with coupons issued under the federal Food Stamp Act
of 1977, 7 U.S.C. § 2011, et seq.

I hereby certify that this bill originated in the House and
is known as House File 266, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HF 266

HOUSE FILE 316

AN ACT

RELATING TO PARK USER PERMITS AND PROVIDING A PENALTY AND AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 111.85, subsections 1 through 4, 6, 7, 8, and 10, Code 1987, are amended to read as follows:

1. A person shall not park or ~~permit~~ to be parked a motor vehicle required to be registered under chapter 321 on ~~state~~ land under the jurisdiction of the ~~commission department~~ where a user permit is required by subsection 3, unless the vehicle has a user permit attached in accordance with this section.

2. This section does not apply to the following vehicles:

a. Official government vehicles, or vehicles operated by state, county, city, and federal employees and agents while in the performance of official government business.

b. Vehicles operated by family members and guests of a ~~commission department~~ employee residing at an area subject to the user permit requirement. The ~~commission department~~ shall provide ~~or~~ temporary devices to identify the vehicles of such guests.

c. A vehicle moving on highways within or that cross state land to which this section applies.

d. A vehicle transporting employees to or furnishing services or supplies to the ~~commission department~~ or designated concessionaire.

~~e. A vehicle displaying a handicapped identification device issued under chapter 601E.~~

3. The requirement of a user permit applies to developed campgrounds at the Shimek, Yellow River, and Stephens state forests, and all areas managed by the state parks, ~~recreation~~ recreation and preserves division of the ~~commission~~

~~department~~ except those excluded by rule. However, the requirement of a user permit shall not apply on any land acquired by gift if a condition of the gift was the free, public use of the land.

4. The user permit issued by the ~~commission department~~ is valid for either the calendar year in which issued or for twenty-four hours from the time of purchase. The fee is ten Five dollars fifty cents for the calendar year permit and two dollars for the daily permit. If more than one motor vehicle is registered to members of the same household which resides in Iowa, a member of that household may purchase calendar year permits for the second motor vehicle for a fee of two dollars by showing to the county recorder the registration card of the second and proof of a calendar year permit for the first motor vehicle.

6. User permits shall be sold by the ~~commission department~~ and county recorders and may be sold by depositaries designated by the recorders or the director under section 110.11. A writing fee ~~may shall not~~ be charged ~~or~~ dispensing the user permits ~~as provided under section 110.12 for licenses. Duplicate user permits shall not be issued. The department shall issue replacement permits, without fee, to persons whose original permit has been damaged, partially destroyed, or otherwise rendered unusable. A person shall apply to the department or its authorized representative for a replacement permit by presenting a verifiable remnant of the damaged, partially destroyed, or unusable permit.~~

7. A user permit is not transferable between vehicles and shall be displayed as the ~~commission department~~ prescribes by rule. The permit shall contain space upon which the motor vehicle registration plate numbers and letters shall be entered.

8. a. An officer of the ~~commission department~~ who observes a motor vehicle parked in violation of this section shall take the vehicle's registration number and may take

other information displayed on the vehicle which may identify its user and deliver to the driver or conspicuously affix to the vehicle a notice of violation in writing on a form provided by the commission department. A person who receives the notice or knows that a notice has been affixed to the motor vehicle owned or controlled by the person may pay a civil penalty of twenty dollars to the commission department within twenty days. If the civil penalty is not timely paid, the commission department may cause a complaint to be filed against the owner or operator of the motor vehicle before a magistrate for the violation of this section in the manner provided in section 804.1. Timely payment of the civil penalty shall be a bar to any prosecution for that violation of this section. All civil penalties collected under this subsection shall be deposited in the general fund of the state.

b. If a citation is issued for a violation of this section and a plea of guilty is entered on or before the time and date set for appearance, the fine shall be thirty fifteen dollars and court costs and the criminal penalty surcharge of section 911.2 shall not be imposed.

c. The commission department shall provide to its officers sets of triplicate notices each identified by separate serial numbers on each copy of notice. One copy shall be used as a notice of violation and delivered to the person charged or affixed to the vehicle illegally parked, one copy shall be sworn to by the officer as a complaint and may be filed with the clerk of the district court of the county if the civil penalty is not timely paid to the commission department and one copy shall be retained by the commission department for record purposes.

10. A person who receives a notice of violation under this section may, before a complaint is filed and in lieu of paying the civil penalty, produce proof that the person has acquired a current calendar year permit. The proof shall be submitted

to the commission department in the same manner as the civil penalty.

Sec. 2. Section 111.85, subsection 5, Code 1987, is amended by striking the subsection.

Sec. 3. This Act takes effect January 1, 1988.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 316, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HOUSE FILE 334

AN ACT

RELATING TO THE ADMINISTRATION OF IOWA REVENUE LAWS PERTAINING TO CIGARETTE AND TOBACCO TAX ASSESSMENT PERIODS, PENALTIES AND APPEAL PERIODS, OFFSETTING OF CLAIMS AGAINST THE STATE WITH A PERSON'S LIABILITIES TO THE STATE, TAX RETURN CONFIDENTIALITY, THE PILING OF SALES AND SERVICES TAX REFUND CLAIMS, AUDIT PERIODS FOR SALES, SERVICES, AND USE TAX RETURNS, USE TAX PENALTY. AND PROVIDING EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 98.45, subsection 1, unnumbered paragraph 2, Code 1987, is amended to read as follows:

When a licensed distributor sells tobacco products exclusively to the ultimate consumer at the address given in the license, no an invoice of those sales shall be is not required, but itemized invoices shall be made of all tobacco products transferred to other retail outlets owned or controlled by that licensed distributor. All books, records and other papers and documents required by this subdivision to be kept shall be preserved for a period of at least one-year two years after the date of the documents ~~as aforesaid~~; or the date of the entries thereof appearing in the records, unless the director, in writing, authorized their destruction or disposal at an earlier date. At any time during usual business hours, the director, or the director's duly authorized agents or employees, may enter any place of business of a distributor, without a search warrant, and inspect the premises, the records required to be kept under this subdivision, and the tobacco products contained therein, to determine whether or not if all the provisions of this division are being fully complied with. If the director, or any such agent or employee, is denied free access or is

hindered or interfered with in making the examination. the license of the distributor at such that premises shall be is subject to revocation by the director.

Sec. 2. Section 98.46, subsection 1, Code 1987, is amended to read as follows:

1. On or before the twentieth day of each calendar month every distributor with a place of business in this state shall file a return with the director showing the quantity and wholesale sales price of each tobacco product ~~(a)~~ brought, or caused to be brought, into this state for sale; and ~~(b)~~ made, manufactured or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the director and shall contain such other information as the director may require. Each return shall be accompanied by a remittance for the full tax liability shown therein on the return, less a discount as fixed by the director not to exceed five percent of the tax. Within two years after the return is filed or within two years after the return became due, whichever is later, the department shall examine it, determine the correct amount of tax, and assess the tax against the taxpayer for any deficiency.

Sec. 3. Section 98.46, subsections 2, 3, 4, 5, and 6, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

2. All taxes shall be due and payable not later than the twentieth day of the month following the calendar month in which they were incurred, and shall bear interest at the rate in effect under section 421.7 counting each fraction of a month as an entire month, computed from the date the tax was due.

The director may reduce or abate interest when in the director's opinion the facts warrant the reduction or abatement. The exercise of this power shall be subject to the approval of the attorney general.

3. The director in issuing an assessment shall add to the amount of tax found due and unpaid a penalty of seven and one-half percent of the tax if less than ninety percent of the tax has been paid, except as provided in section 421.27, except that, if the director finds that the taxpayer has made a false and fraudulent return with intent to evade the tax or failed to file a return with intent to evade the tax imposed by this division, the penalty shall be seventy-five percent of the entire tax as shown by the return as corrected. The penalty imposed under this subsection is not subject to waiver.

4. The department shall notify any person assessed pursuant to this section by sending a written notice of the determination and assessment by mail to the principal place of business of the person as shown on the person's application for permit, and if an application was not filed by the person, to the person's last known address. A determination by the department of the amount of tax, penalty, and interest due, or the amount of refund for excess tax paid, is final unless the person aggrieved by the determination appeals to the director for a revision of the determination within thirty days from the postmark date of the notice of determination of tax, penalty, and interest or refund owing. The director shall grant a hearing and upon the hearing, the director shall determine the correct tax, penalty, and interest or refund due and notify the appellant of the decision by mail. Judicial review of action of the director may be sought in accordance with chapter 17A and section 422.29.

Sec. 4. Section 421.17, subsection 26, Code 1987, is amended to read as follows:

26. To provide that in the case of multiple claims to refunds or rebates payments filed under subsections 21, 23,

and 25, and 29 that priority shall be given to claims filed by the child support recovery unit or the foster care recovery unit under subsection 21, next priority shall be given to claims filed by the college aid commission under subsection 23, next priority shall be given to claims filed by the office of investigations under subsection 21, and next priority shall be given to claims filed by a clerk of the district court under subsection 25, and last priority shall be given to claims filed by other state agencies under subsection 29. In the case of multiple claims under subsection 29, priority shall be determined in accordance with rules to be established by the director.

Sec. 5. Section 421.17, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 29. To establish and maintain a procedure to set off against any claim owed to a person by a state agency any liability of that person owed to a state agency, except the setoff procedures provided for in subsections 21, 23, and 25. The procedure shall only apply when at the discretion of the director it is feasible. The procedure shall meet the following conditions:

a. For purposes of this subsection unless the context requires otherwise:

(1) "State agency" means a board, commission, department, including the department of revenue and finance, or other administrative office or unit of the state of Iowa. The term "state agency" does not include the general assembly, the governor, or any political subdivision of the state, or its offices and units.

(2) "Department" means the department of revenue and finance.

(3) The term "person" does not include a state agency.

b. Before setoff, a person's liability to a state agency and the person's claim on a state agency shall be in the form of a liquidated sum due, owing, and payable.

c. Before setoff, the state agency shall obtain and forward to the department the full name and social security number of the person liable to it or to whom a claim is owing who is a natural person. If the person is not a natural person, before setoff, the state agency shall forward to the department the information concerning the person as the department shall, by rule, require. The department shall cooperate with other state agencies in the exchange of information relevant to the identification of persons liable to or claimants of state agencies. However, the department shall provide only relevant information required by a state agency. The information shall be held in confidence and used for the purpose of setoff only. Section 422.72, subsection 1, does not apply to this paragraph.

d. Before setoff, a state agency shall, at least annually, submit to the department the information required by paragraph "c" along with the amount of each person's liability to and the amount of each claim on the state agency. The department may, by rule, require more frequent submissions.

e. Before setoff, the amount of a person's claim on a state agency and the amount of a person's liability to a state agency shall be at least fifty dollars.

f. Upon submission of an allegation of liability by a state agency, the department shall notify the state agency whether the person allegedly liable is entitled to payment from a state agency, and, if so entitled, shall notify the state agency of the amount of the person's entitlement and of the person's last address known to the department. Section 422.72, subsection 1, does not apply to this paragraph.

g. Upon notice of entitlement to a payment, the state agency shall send written notification to that person of the state agency's assertion of its rights to all or a portion of the payment and of the state agency's entitlement to recover the liability through the setoff procedure, the basis of the assertion, the opportunity to request that a jointly or

commonly owned right to payment be divided among owners, and the person's opportunity to give written notice of intent to contest the amount of the allegation. The state agency shall send a copy of the notice to the department. A state agency subject to chapter 17A shall give notice, conduct hearings, and allow appeals in conformity with chapter 17A.

h. Upon the timely request of a person liable to a state agency or of the spouse of that person and upon receipt of the full name and social security number of the person's spouse, a state agency shall notify the department of the request to divide a jointly or commonly owned right to payment. Any jointly or commonly owned right to payment is rebuttably presumed to be owned in equal portions by its joint or common owners.

i. The department shall, after the state agency has sent notice to the person liable, set off the amount owed to the agency against any amount which a state agency owes that person. The department shall refund any balance of the amount to the person. The department shall periodically transfer amounts set off to the state agencies entitled to them. If a person liable to a state agency gives written notice of intent to contest an allegation, a state agency shall hold a refund or rebate until final disposition of the allegation. Upon completion of the setoff, a state agency shall notify in writing the person who was liable.

j. The department's existing right to credit against tax due or to become due under section 422.73 is not to be impaired by a right granted to or a duty imposed upon the department or other state agency by this subsection. This subsection is not intended to impose upon the department any additional requirement of notice, hearing, or appeal concerning the right to credit against tax due under section 422.73.

NEW SUBSECTION. 30. Under substantive rules established by the director, the department shall seek reimbursement from

other state agencies to recover its costs for setting of liabilities.

Sec. 6. Section 422.20, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 3. Unless otherwise expressly permitted by section 421.17, Subsections 21, 22, 23, 25, and 29, sections 252B.9, 324.63, 421.19, 421.28, and 422.72, and this section, a tax return, return information, or investigative or audit information shall not be divulged to any person or entity, other than the taxpayer, the department, or internal revenue service for use in a matter unrelated to tax administration.

This prohibition precludes persons or entities other than the taxpayer, the department, or the internal revenue service from obtaining such information from the department, and a subpoena, order, or process which requires the department to produce such information to a person or entity, other than the taxpayer, the department, or internal revenue service for use in a nontax proceeding is void.

NEW SUBSECTION. 4. The director may disclose taxpayer identity information to the press and other media for purposes of notifying persons entitled to tax refunds when the director, after reasonable effort and lapse of time, has been unable to locate the persons.

Sec. 7. Section 422.45, subsection 33, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Claims for refund of tax, interest, or penalty which arise under this subsection for the sale or use of automotive fluids occurring between January 1, 1979, and June 30, 1986, shall not be allowed unless filed prior to December 31, 1987, notwithstanding any other provision of law.

Sec. 8. Section 422.54, subsection 1, Code 1987, is amended to read as follows:

1. As soon as practicable after a return is filed and in any event within five years after the return is filed the department shall examine it, assess and determine the tax due if the return is found to be incorrect and give notice to the taxpayer of such assessment and determination as provided in subsection 2 hereof. The period for the examination and determination of the correct amount of tax is unlimited in the case of a false or fraudulent return made with the intent to evade tax or in the case of a failure to file a return. If the determination that a return is incorrect is the result of an audit of the books and records of the taxpayer, the tax, or additional tax, if any is found due, shall be assessed and determined and the aforesaid notice to the taxpayer shall be given by the department within one year after the completion of the examination of said books and records.

Sec. 9. Section 422.72, subsection 3, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

3. Unless otherwise expressly permitted by section 421.17, subsections 21, 22, 23, 25, and 29, sections 252B.9, 324.63, 421.19, 421.28, and 422.20, and this section, a tax return, return information, or investigative or audit information shall not be divulged to any person or entity, other than the taxpayer, the department, or internal revenue service for use in a matter unrelated to tax administration.

This prohibition precludes persons or entities other than the taxpayer, the department, or the internal revenue service from obtaining such information from the department, and a subpoena, order, or process which requires the department to produce such information to a person or entity, other than the taxpayer, the department, or internal revenue service for use in a nontax proceeding is void.

4. A person violating subsection 1, 2, or 3 is guilty of a serious misdemeanor.

5. The director may disclose taxpayer identity information to the press and other media for purposes of notifying persons entitled to tax refunds when the director, after reasonable effort and lapse of time, has been unable to locate the persons.

Sec. 10. Section 423.18, subsection 1, Code 1987, is amended to read as follows:

1. If a person or permit holder fails to remit at least ninety percent of the tax due with the filing of the monthly deposit form or return on or before the due date, or pays less than ninety percent of any tax required to be shown on the monthly deposit form or return, excepting the period between the completion of an examination of the books and records of a taxpayer and the giving of notice to the taxpayer that a tax or additional tax is due, there shall be added to the tax a penalty of seven and one-half percent of the tax due, except as provided in section 421.27. For tax due under section 423.9, the penalty shall be ten fifteen percent. In case of willful failure to file a monthly deposit form or return, willfully filing a false monthly deposit form or return, or willfully filing a false or fraudulent monthly deposit form or return with intent to evade tax, in lieu of the penalty otherwise provided in this subsection, there shall be added to the amount required to be shown as tax on the monthly deposit form or return seventy-five percent of the amount of the tax. The taxpayer shall also pay interest on the tax or additional tax at the rate in effect under section 421.7, for each month counting each fraction of a month as an entire month, computed from the date the monthly deposit form or return was required to be filed. The penalty and interest shall be paid to the department and disposed of in the same manner as other receipts under this chapter. Unpaid penalties and interest may be collected in the same manner as the tax imposed by this chapter. The penalty imposed under this subsection is not subject to waiver.

Sec. 11. Sections 4 and 5 of this Act are effective July 1, 1988.

Sec. 12. Sections 6 and 9 of this Act are effective July 1, 1987 for requests and subpoenas for returns, schedules, and attachments to returns made on or after that date.

Sec. 13. Section 10 of this Act is retroactive to January 1, 1987 for taxes due on or after that date.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 334, Seventy-second General Assembly.

JOSEPH O'BERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HF 334

HOUSE FILE 355

AN ACT

RELATING TO AND MAKING APPROPRIATIONS FOR STATE AGENCIES, BY PROVIDING SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1986 AND ENDING JUNE 30, 1987, BY PROVIDING HIGHWAY FUNDING THROUGH LOANS AND ANTICIPATORY CERTIFICATES, BY SPECIFYING RESPONSIBILITY OF THE COLLECTION SERVICES CENTER RELATING TO COLLECTION AND DISBURSEMENT OF CHILD SUPPORT PAYMENTS AND INFORMATION, BY APPROPRIATING AND REALLOCATING FUNDS FOR STATE AGENCIES, BY PROVIDING FOR LIMITATIONS ON CERTAIN EXPENDITURES, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to supplement prior appropriations:

1986-1987
Fiscal Year

- 1. For aid to families with dependent children to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 1 \$ 900,000
- 2. For medical assistance to be used for the same purposes and to supplement funds appropriated by

- 1986 Iowa Acts, chapter 1246, section 303, subsection 2, paragraph "e" \$ 8,000,000
 - 3. For medical contracts to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 3 5 214,600
 - 4. For state supplementary assistance to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 5 \$ 730,000
 - 5. For home-based services to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 7 \$ 52,116
 - 6. For foster care to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 8 \$ 3,208,193
 - 7. For county-based juvenile justice to be used for the same purpose and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 303, subsection 10 \$ 900,000
 - 8. For supplementation of federal social services block grant and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 308 5 392,437
- Sec. 2. The department of human services shall not implement any mandatory coverage system for Title XIX recipients for enrollment in health maintenance organizations. The department shall work to develop policies and guidelines to implement on a pilot basis a special case management

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program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs.

Sec. 3. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of human services, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For a work incentive program \$ 400,000
- 2. For food stamp employment and training program \$ 100,000

Sec. 4. 1986 Iowa Acts, chapter 1246, section 1, subsection 4, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance of an ambassador's program \$ ~~1,000,000~~
500,000

Of the funds appropriated by this subsection, the department of economic development shall spend one hundred thousand (100,000) dollars for the special marketing project to develop a marketing and promotion plan for the Quad Cities area in cooperation with the state of Illinois.

Sec. 5. 1986 Iowa Acts, chapter 1246, section 1, subsection 6, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance of an export finance program \$ ~~1,000,000~~
500,000

Sec. 6. 1986 Iowa Acts, chapter 1249, section 4, subsection 9, is amended to read as follows:

9. For a ~~soier~~ an ethanol and corn starch project to be administered by the center for industrial research and service \$ 150,000

Sec. 7. 1986 Iowa Acts, chapter 1246, section 103, subsection 8, is amended to read as follows:

8. For the ~~old-territorial-capitol-in~~ Port of Burlington building in Burlington for restoration renovation \$ 22,000

Sec. 8. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, is amended to read as follows:

9. For community-based programs \$ ~~2,883,000~~
2,698,500

Sec. 9. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, paragraph h, is amended to read as follows:

h. Of the funds appropriated by this subsection, **one million-one nine hundred fifteen thousand five hundred ~~(1,100,000)~~ (915,500) dollars, or so much thereof as is necessary, is allocated for protective day care.**

Sec. 10. 1986 Iowa Acts, chapter 1246, section 501, subsection 3, is amended to read as follows:

3. INDEMNITY FUND AND ESCROW.

From the general fund of the state as an advance for administration of the indemnity fund and escrow provision created by the 1986 Iowa Acts, Senate File 2116, for not more than five full-time equivalent positions \$ 100,000

~~It is a condition of the funds appropriated by this subsection that the general fund be reimbursed from the interest accruing to the indemnity fund, no later than June 30, 1987, for the advance made by this subsection. Notwithstanding 1986 Iowa Acts, Senate File 2116, section 33,~~

~~only interest accruing to the indemnity fund may be used for administration costs of the indemnity fund; in addition, interest accruing to the indemnity fund may be used for the expenses of administration of the escrow provision, subject to the approval of the Iowa grain indemnity fund board, notwithstanding 1986 Iowa Acts, Senate File 21167, section 33.~~

The general assembly authorizes the transfer of funds appropriated under this section by the department of management to the department of justice to fund farm mediation services.

Sec. 11. 1986 Iowa Acts, chapter 1246, section 713, is amended to read as follows:

SEC. 713. 1985 Iowa Acts, chapter 254, section 1, subsection 1, paragraph b, is amended to read as follows:

b. For the fiscal year beginning July 1, 1986 **\$447,000,000**
40,500,000

Sec. 12. Notwithstanding the 1986 Iowa Acts, chapter 1246, section 111, subsection 7, there is appropriated from the moneys appropriated to the obstetrical patient care fund to the department of public health for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the following amounts to be used as follows:

1. Three hundred thousand (300,000) dollars, or so much thereof as is necessary, for statewide expansion of the maternal health and child health centers.
2. Seventy-seven thousand five hundred sixty (77,560) dollars, or so much thereof as is necessary, to complete the regional centers necessary to provide for statewide coverage of developmental educationally related programs of the mobile and regional child health specialty clinics of the child health care "Services program.
3. Notwithstanding section 8.33, the funds appropriated under subsections 1 and 2 of this section which remain unobligated and unencumbered for the fiscal year beginning July 1, 1986 and ending June 30, 1987, shall remain available

to the Iowa department of public health for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 13. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the state board of regents the sum of sixty-five thousand (65,000) dollars, or so much thereof as is necessary, to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 110, subsection 3, paragraph "c", subparagraph (2).

Sec. 14. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the judicial department, the sum of one hundred fifty thousand (150,000) dollars, or so much thereof as is necessary, to be credited to the fund established pursuant to section 602.1302, subsection 4, to be spent for jury and witness fees.

Sec. 15. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of natural resources the sum of twenty thousand (20,000) dollars, or so much thereof as is necessary, to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 505 to fund the costs of a pilot project for toxic waste cleanup days.

Sec. 16. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of general services the sum of four million (4,000,000) dollars, or so much thereof as is necessary, of which seven hundred fifty thousand (750,000) dollars shall be allocated to the historical division of the department of cultural affairs to equip the new historical building with the remainder to be used for capitol complex construction and renovation.

Notwithstanding section 8.33, funds appropriated by this section which are unexpended or unencumbered shall carry forward to the 1987-1988 fiscal year for the same purpose as originally appropriated.

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Sec. 17. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987, to the department of agriculture and land stewardship, the following amounts, or so much thereof as is necessary, to be used for the following purposes:

	1986-1987 Fiscal Year
1. Startup funding for the Iowa grain quality program	\$ 125,000
2. Startup funding of a regenerative, sustainable, biological and/or education and demonstration project	\$ 75,000

Notwithstanding section 8.33, the funds which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure by the department of agriculture and land stewardship for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 18. There is appropriated from the general fund of the state to the Iowa agricultural development authority for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount of five million (5,000,000) dollars, or so much thereof as is necessary, to be used for providing assistance to Iowa farmers under and through the agricultural loan assistance programs. Not more than one hundred fifty thousand (150,000) dollars, or so much thereof as is necessary, shall be used for general administration, including salaries, support, maintenance, and miscellaneous purposes.

Not more than one-half of the funds appropriated shall be committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987. Notwithstanding section 8.33, moneys appropriated by this section which are committed for grants pursuant to agreements under section 175.35 entered into on or after April 1, 1987 but before October 1, 1987, shall not revert to the general fund of the state.

Not more than one-half of the funds appropriated shall be committed for assistance, training, and management programs for agricultural producers under the program established in House File 626, enacted by the Seventy-second General Assembly, 1987 Session. Notwithstanding section 8.33, the moneys appropriated for assistance, training, and management programs for agricultural producers under this section which are committed pursuant to agreements under House File 626 and entered into between April 1, 1987 and June 30, 1989 shall not revert to the general fund of the state.

If House File 626 does not become law, the moneys allocated for that program under this section shall be used for grants pursuant to agreements under section 175.35.

Sec. 19. There is appropriated from the general fund of the state to the historical division of the department of cultural affairs for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the amount of one hundred thirty thousand (130,000) dollars, or so much thereof as is necessary, to cover the expenses of moving the division's Des Moines collection into the new historical building or to be used to duplicate the Iowa City genealogical records and transferring the duplicates to Des Moines.

Notwithstanding section 8.33, the funds appropriated under this section which remain unobligated or unencumbered for the fiscal year beginning July 1, 1986 and ending June 30, 1987, shall remain available to the historical division of the department of cultural affairs for the purposes specified in the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 20.

1. During the fiscal period beginning July 1, 1986 and ending June 30, 1990, upon the request of the public broadcasting division of the department of cultural affairs, the executive council shall sell the property and building located at 2801 Bell Avenue in Des Moines, Iowa, and used by the Iowa department of public broadcasting. For the fiscal

period beginning July 1, 1986 and ending June 30, 1990, the proceeds from the sale of the property and building are appropriated to the public broadcasting division of the department of cultural affairs to pay a portion of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs. However, the executive council may direct that the building and property located at 2801 Bell Avenue in Des Moines, Iowa, be used for another state purpose. The executive council shall determine by independent appraisal the fair market value of the building and property and, in that case, an appropriation equal to appraised value of the building and property may be considered by the general assembly to pay a portion of the costs of construction of a new building for the public broadcasting division of the department of cultural affairs.

2. During the fiscal period beginning July 1, 1986 and ending June 30, 1990, if the property and building are not sold or proceeds from the sale of the property have not been received at the time the public broadcasting division requires money to exercise the purchase option on its new building located at 6450 Corporate Drive, Johnston, Iowa, there is appropriated from the general fund of the state to the public broadcasting division of the department of cultural affairs, for the fiscal period beginning July 1, 1986 and ending June 30, 1990, the sum of five hundred thousand (500,000) dollars, or as much thereof as is necessary, to be used to purchase the new building. Notwithstanding section 8.33, moneys appropriated in this subsection shall revert on June 30, 1990.

3. If funds appropriated under subsection 1 are expended for the purpose provided in subsection 1, subsection 2 is void.

Sec. 21. There is appropriated from the general fund of the state to the state board of regents for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of four hundred thousand (400,000) dollars, or so much thereof as is necessary, to be used by Iowa State University of science

and technology for the college of veterinary medicine. Notwithstanding section 8.33, the funds which remain unobligated or unencumbered for the purposes provided in this section for the fiscal year beginning July 1, 1986 and ending June 30, 1987 shall remain available for expenditure for the purposes specified in this section during the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 22. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1986 and ending June 30, 1987 to the department of justice the sum of fifty thousand (50,000) dollars, or so much thereof as is necessary, to be used for the same purposes and to supplement funds appropriated by 1986 Iowa Acts, chapter 1246, section 414.

Sec. 23. Notwithstanding section 8.55, the moneys in the Iowa economic emergency fund on the effective date of this Act are transferred to the general fund of the state. Funds transferred to the general fund of the state shall be used to defray expenses incurred for the fiscal year beginning July 1, 1986 and ending June 30, 1987.

Sec. 24. The state transportation commission may authorize the temporary transfer of funds between the department's share of the RISE fund under section 315.4 to the primary road fund in an amount not to exceed twenty-five million dollars. Transferred funds shall be repaid within ninety days to the fund from which they came upon receipt of federal highway trust fund reimbursements and not later than July 1, 1988. However, the commission shall not authorize the transfer of any RISE funds already allocated for expenditure on a specific RISE project prior to July 1, 1988.

Sec. 25.

1. The state transportation commission may issue anticipatory certificates in an amount not to exceed fifty million dollars prior to July 1, 1987. If by July 1, 1987, the state has not received the full allotment of the appropriate federal highway trust funds, the state

transportation commission may issue additional anticipatory certificates. However, the commission shall not issue more than one hundred fifty million dollars in anticipatory certificates. The certificates shall be retired at the time or times determined by the commission but not later than July 1, 1988.

2. The certificates shall be authorized by a resolution adopted by the commission which shall specify:

- a. The primary road funds, specifying the year or years, from which the certificates are payable.
- b. The amount of certificates authorized.
- c. The denomination, and place of payment, which may be at any bank within or without the state, of each certificate.
- d. The rate of interest which each certificate shall bear which shall not exceed that permitted by chapter 74A, and the date or dates interest is payable.

e. The authorization for the chairperson of the commission and the treasurer of state to sign and countersign the certificates.

3. Each certificate shall specify on its face the following information:

- a. The annual accruing primary road funds, naming the year from which the certificate is payable.
- b. The date the certificate is payable.
- c. That the certificate is payable solely from accruing primary road funds.

4. The state transportation commission is authorized to pledge all or any portion of the primary road fund toward the payment of the certificates and amounts in the primary road fund are appropriated, to the extent necessary, for payment of principal and interest on the certificates. The certificates shall be payable solely from the primary road fund and under no circumstance shall any certificate be or become or be construed to constitute a debt of or a charge against the state within the purview of any constitutional or statutory limitation or provision.

5. Each of the certificates shall be executed by the manual or facsimile signature of the chairperson of the commission and the treasurer of state.

6. Interest on the certificates shall be exempt from state income taxation.

7. The treasurer of state shall be responsible for the sale of the certificates. In lieu of selling the certificates, the treasurer of state may apply the certificates at face value plus interest in payment of any warrants duly authorized and issued for primary road work.

8. The treasurer of state, or the treasurer's designee, shall, if appropriate, enter on a record the name and address of all persons to whom the certificates are issued, with a particular designation of the Certificate delivered to each person.

9. Any subsequent holder of a certificate may present the certificate to the treasurer of state, or the treasurer's designee, who shall enter the subsequent holder's name and address in place of the name and address of the previous holder.

Sec. 26. The department of general services shall not purchase any equipment which requires an expenditure in excess of one hundred thousand (100,000) dollars during the remainder of the fiscal year beginning July 1, 1986 and ending June 30, 1987, unless the equipment purchase was approved in the department's budget for the fiscal year by the general assembly. The limitations imposed upon the department of general services under this section shall also apply to any state agency or department which purchases equipment through the department of general services. The limitations imposed under this section shall also apply to lease-purchase agreements. The limitations imposed by this section shall apply to the department of general services and any state agency or department for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 27. Section 8.23, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. On or before September 1, 1987, and each succeeding year, all agencies and departments of government shall transmit to the director and the director of the legislative fiscal bureau, as part of their recommendations for appropriations for administration, operations and maintenance, each item or expenditure, actual or estimated, planned equipment purchases in excess of one hundred thousand dollars during the fiscal year, and the costs of lease-purchase agreements for equipment which exceed one hundred thousand dollars in the fiscal year. Each lease-purchase agreement or proposed purchase of equipment shall be listed as a separate item in the proposed budget.

Sec. 28. Section 99E.31, subsection 5, paragraph f, Code 1987, is amended to read as follows:

f. To the Iowa state university of science and technology the sum of two hundred fifty thousand dollars for allocation to the center for industrial research and service for a hazardous waste research program and ~~a solar energy conversion program~~ an ethanol and corn starch project. Of the amount allocated under this paragraph, the sum of fifty thousand dollars shall be used for ~~a solar energy conversion program~~ an ethanol and corn starch project. The hazardous waste research program shall be created within the civil engineering department. This research program shall concentrate its efforts in the cleanup of industrial hazardous waste in the state with special emphasis upon new waste disposal techniques and applications. The center for industrial research and service shall administer the research funds and report to the general assembly on the program's progress and result.

Sec. 29. Section 99E.32, subsection 2, Code 1987, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. h. For the fiscal year beginning on July 1, 1986 the department shall establish a pilot program entitled the new business opportunity program to provide

financial and technical assistance to emerging businesses and , industries that expand and diversify the state's economic base. Assistance may be in any form authorized under the community economic betterment account and the department may allocate up to one million dollars of the account's funds for the pilot program.

Sec. 30. Section 252B.13, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

252B.13 COLLECTION SERVICES CENTER.

1. The department shall establish within the unit a collection services center for the receipt and disbursement of all support payments as defined in section 598.1. For purposes of this section, child support payments do not include attorney fees or court costs. The judicial department and the department of human services shall cooperate in the establishment of the center which will receive and disburse support payments.

2. The collection services center shall have no more than twenty-eight full-time equivalent positions. The department shall not transfer on a temporary or permanent basis any other personnel of the department to the center. The limitation on full-time equivalent positions does not apply to temporary conversion staff necessary to convert current records of the clerks of court into the center's data base. No temporary conversion staff are authorized on or after April 1, 1988.

3. The center shall establish a procedure to file and record complaints against the operation of the clearinghouse system. The center shall keep a record of all complaints received and the complaints shall be retained by the center. Upon request for the complaints. the center shall provide the complaints received, tallied and in the aggregate as a public record.

4. The center shall develop a system to provide certified child support ~~arrangements~~ through telephone communications, without costs, from the center to the clerks of the district

court and the clerks of the district court are authorized to receive this information. The center shall also retain written documentation of these records to permit access to the records in those situations where the electronic data base is inoperable. All requests for information shall receive a response within a two-hour period of time during the regular business hours of the center.

5. The state of Iowa, subject to chapter 25A, shall be financially responsible for errors made by the center in providing information to any person when that person acts on the basis of the information provided by the center.

6. The center shall submit a report relating to the time required between the time the payment is received and the time the funds are distributed to the recipient to the fiscal committee of the legislative council on August 1, 1987, November 1, 1987, January 1, 1988, and January 1 of each succeeding year.

Sec. 31. Section 2528.14, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

2528.14 SUPPORT PAYMENTS -- CLERK OF COURT -- COLLECTION SERVICES CENTER.

Sections 2528.13 through 2528.17 apply to all initial or modified orders for support entered under this chapter, chapters 234, 252A, 252C, 598, and 675 of the Code. For purposes of this section, child support payments do not include attorney fees or court costs. All orders or judgments for support entered on or before March 31, 1987, shall direct the payment of such sums to the clerk of the district court for the use of the person for whom the payments have been awarded. All orders or judgments for support entered on or after April 1, 1987 shall direct the payment of such sums to the collection services center established pursuant to section 2528.1'3. Payments to persons other than the clerk of the district court and the collections services center do not satisfy the support obligations created by such orders or

judgments, except as provided for trusts in sections 2520.1, 598.22, 598.23 or for tax refunds or rebates in section 602.8102. subsection 47.

Sec. 32. This Act, being deemed of immediate importance, takes effect upon its enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as Rouse File 355, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319

515 281-5211

May 5, 1987

The Honorable Donald Avenson
Speaker
House of Representatives
State Capitol Building
L O C A L

Dear Mr. Speaker:

I hereby transmit House File 355, an act relating to and making appropriations for state agencies, by providing supplemental appropriations for the fiscal year beginning July 1, 1986, and ending June 30, 1987, by providing highway funding through loans and anticipatory certificates, by specifying responsibility of the collection services center relating to collection and disbursement of child support payments and information, by appropriating and reallocating funds for state agencies, by providing for limitations on certain expenditures, and providing an effective date.

House File 355 provides essential supplemental funding to state agencies, particularly to human services programs. However, this bill also contains \$9 million of excessive spending in fiscal year 1987. As a result, action must be taken to reduce the level of spending contained in this bill.

In addition, this bill contains a number of budget gimmicks which are designed to mask the actual level of spending in fiscal year 1988. This bill appropriates over \$9 million in fiscal year 1987 while allowing those funds to be carried over to fiscal year 1988 -- when the expenditures are actually needed. That "appropriate-now and spend-later" budgetary practice is dangerous -- it results in \$9 million of excessive spending in fiscal year 1988 and an \$18 million budget problem the following year. Iowa taxpayers cannot afford double expenditures.

The Honorable Donald Avenson
May 5, 1987
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Many of these programs item vetoed are of high priority, and ought to be funded in fiscal year 1988 when the expenditures are actually anticipated. In that way we can forthrightly show the taxpayers of Iowa our budgetary priorities and avoid excessive spending which will cause additional burdens on taxpayers in the future.

House File 355 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as Section 2 in its entirety.

Section 2 of House File 355 prohibits the Department of Human Service from implementing a mandatory coverage system for Title XIX recipients who are enrolled in a health maintenance organization. The Department of Human Services has been attempting to establish health maintenance organizations, consistent with federal law, to contain Medicaid costs. Such programs are already under way in Davenport and Dubuque and it is anticipated that an HMO project will soon be implemented in Des Moines.

Health care costs continue to increase dramatically and threaten taxpayers with excessive costs for the Medicaid program. While it is not palatable to reduce the available services under the Medicaid program, it would be appropriate to look for other reasonable cost containment measures. Contracting for medical services and mandatory HMO services are two such approaches. This would allow individuals eligible for Medicaid to receive appropriate and accessible health care within a predetermined cost to the state's taxpayers. The Department of Human Services is preparing a proposal for a pilot mandatory HMO project for consideration by the Council in January of next year. My budget for fiscal year 1988 assumes that we can save up to \$400,000 in Medicaid costs as a result of the mandatory HMO project. Therefore, in order to help limit the taxpayers' liability for Medicaid costs, I cannot accept provisions in Section 2 which would prohibit the Department of Human Services from establishing a mandatory coverage system for Title XIX recipients involved in HMO's.

The Honorable Donald Avenson
May 5, '1987
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I am unable to approve that portion of Section 4 of House File 355 which reads as follows:

"Sec. 4. 1986 Iowa Acts, chapter 1246, section 1, subsection 4, unnumbered paragraph 1, is amended to read as follows:

For establishment and maintenance
of an ambassador's program. \$ ~~1,700,000~~
500,000"

Section 4 of House File 355 deappropriates \$500,000 for the Ambassador's program. It also sets aside \$100,000 for a special marketing project for the Quad Cities.

I have recommended and approved that portion of Section 4 which provides these funds for a joint marketing effort with the State of Illinois to promote the Quad Cities. However, I cannot approve the deappropriation of the \$500,000 for this program.

These funds cannot be used unless they are matched by private sector contributions. At the present time, a private sector board has been established for the Ambassador's program and private fundraising activities are under way. Many community leaders from throughout the state are excited about this program because it provides a way for them to promote their communities through a grassroots effort.

At the present time, Iowa ranks 35th in the nation in terms of its overall economic development marketing budget. We need more marketing funds - not fewer. I believe it would be inappropriate for us to hamper our private sector fundraising activities and reduce our limited commitment to the marketing and promotion of the State of Iowa by the deappropriation of these funds.

I am unable to approve the item designated as Section 5 in its entirety.

The Honorable Donald Avenson
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Section 5 of House File 355 aeappropriates \$500,000 from the Export Finance Program. The Export Finance Program is a program unique to Iowa which provides interest rate reductions for companies interes'ted in entering the export market.. While this new program has had a relatively slow start-up, seventeen companies have now been assisted by it and \$11.4 million of export sales have been generated as a result. I do not believe it is appropriate to reduce our commitment to economic development efforts, particularly those designed to increase the export of Iowa-produced goods. Therefore, we should maintain the flexibility of the Department of Economic Develop- ment to utilize these available funds during the remainder of this fiscal year to enhance our export efforts.

I am unable to approve the item designated as Section 12 in its entirety.

Section 12 of House File 355 appropriates \$377,560 to the Department of Health or various health related programs. These are expansions of existing health services programs. In addition, this section allows the funds appropriated this year to be used next fiscal year as well.

Maternal and child health centers, as well as specialty clinics for child health services, are appropriate functions of government and are worthy of consideration for expansion. However, the legislature should not expand existing programs in this supplemental appropriation, given the state's tight finances.

In addition, I am concerned that this section of House File 355 appropriates funds during fiscal year 1987 for what are expected to be fiscal year 1988 expenditures. The legislature should consider funding for the expansion of these health services programs in the appropriate fiscal year budget before adjournment.

I am unable to approve the item designated as Section 16 in its entirety.

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Section 16 of House File 355 appropriates \$4 million to the Department of General Services to equip the new Historical Building and to be used for Capitol Complex construction and renovation. There is some indication that a portion of these funds is designed to be used for preparatory work for a new legislative office facility. I have given my strong support for funds for the new Historical Building and Capitol Building renovation. Indeed, in my budget recommendation for fiscal year 1988, I asked that \$1 million be appropriated for Capitol restoration and \$1.5 million be provided to allow for the equipping of the new Historical Building. I urge the General Assembly to consider these items for full appropriation in the fiscal year 1988 budget before it is finalized.

However, an appropriation of \$4 million in fiscal year 1987 with the allowance that these funds be carried forward to fiscal year 1988 again creates a false fiscal year 1988 budget. A portion of these funds are needed and will be spent next fiscal year and that is the period for which they should be appropriated.

I am unable to approve the item designated as Section 17 in its entirety.

Section 17 of House File 355 appropriates \$125,000 to start-up funding for the Iowa Grain Quality Program and \$75,000 to fund a new demonstration project within the Department of Agriculture and Land Stewardship. In addition, these funds are allowed to be rolled over into the next fiscal year for expenditure. Again, I object to the legislature's efforts to appropriate fiscal year 1988 funds in fiscal year 1987 -- I cannot accept this method of false budgeting.

In addition, in this case, the Iowa Grain Quality Program has already begun through the assistance of the Iowa Corn Growers Association, the Iowa Soybean Association, and the Department of Economic Development. At the present time, offers are already on the table with a number of countries interested in purchasing Iowa certified quality grain and a trademark is being established. Therefore, these start-up funds are not necessary. With regard to the demonstration projects, funding

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is provided for similar projects in the ground water protection bill which is now being considered by the General Assembly. It would be most appropriate for these projects to be considered in that bill.

I am unable to approve the item designated as Section 18 in its entirety.

Section 18 of House File 355 would provide \$5 million to the Iowa Agricultural Development Authority for interest buy-down programs and targeted assistance to livestock producers. I recommended that \$5 million be appropriated in fiscal year 1988 for this purpose. I believe that the Iowa legislature should provide assistance to agricultural producers who have difficulty obtaining operating credit. Last year, over 1,300 farmers were provided with assistance in this manner. In addition, I recommended that we provide financial assistance to Iowa farmers interested in re-entering the livestock market.

However, House File 355 again appropriates funds in fiscal year 1987 which, in fact, would not be expended until fiscal year 1988. While the Agricultural Development Authority does indicate the need for some minimal administrative costs in fiscal year 1987, most of these funds would not be needed until some time during the middle of fiscal year 1988. That is why I recommended the \$5 million appropriation for this purpose during that fiscal year. Therefore, I urge the legislature to appropriate the \$5 million for this purpose in the fiscal year 1988 budget to ensure that agricultural producers receive appropriate assistance. Such action is imperative for Iowa agriculture.

I am unable to approve the item designated as Section 19 in its entirety.

Section 19 of House File 355 appropriates \$130,000 to cover the expenses of moving the Historical Division's genealogical records from Iowa City to Des Moines.

This section also contains language which allows the funds appropriated in this section to be spent during the fiscal year 1988.

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I have recommended appropriate funding to the Department for moving central records to the new Historical Building during the fiscal year 1988. I strongly urge the legislature to adopt those funding recommendations.

I am unable to approve the item designated as Section 21 in its entirety.

Section 21 of House File 355 appropriates \$400,000 to Iowa State University for the College of Veterinary Medicine. The College of Veterinary Medicine has experienced a substantial reduction of operating funds due to the expiration of a contract with the State of Nebraska to teach Nebraska veterinary students at Iowa State.

This section also includes a clause allowing unexpended funds during this fiscal year to be utilized next fiscal year. It is anticipated that all of these funds are slated for use in fiscal year 1988.

Thus, despite the merits of this appropriation, Section 21 is but another legislative attempt to appropriate fiscal year 1988 funds in fiscal year 1987. If the legislature wishes to provide additional funds to the Iowa State University College of Veterinary Medicine, they should be provided in the fiscal year in which they are needed -- fiscal year 1988. I urge the General Assembly to consider it in that time period.

I am unable to approve the item designated as Section 25 in its entirety.

Section-25 of House File 355 provides the Transportation Commission with authority to issue anticipatory warrants not to exceed \$50 million prior to July 1, 1987. This language was included in the bill in order to give the Commission authority to deal with the severe cash flow problems caused by the threatened loss of federal highway funds earlier this year. Now that the federal funding for highways has been settled by the Congress, the authority to issue these certificates is no longer necessary.

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I am unable to approve the item designated as Section 26 in its entirety.

Section 26 of House File 355 prohibits the Department of General Services from purchasing or lease-purchasing any equipment costing more than \$100,000 for the remainder of fiscal year 1987 and for fiscal year 1988.

This section of House File 355 unnecessarily restricts the ability of the Department of General Services to purchase equipment in a cost effective manner. The Department has effectively used the lease purchase option to minimize costs for essential equipment for state agencies. This restriction could drastically restrict the ability of state government to continue automation plans needed to further reduce the administrative costs of state government. In addition, restricting this method of purchasing would hamstring our ability to update our computer equipment. If such appropriate updating is not accomplished, the quality of services provided to the public would be significantly hampered.

I am unable to approve the item designated as Section 27 of House File 355 in its entirety.

This section of the bill will require all agencies, including the Regent institutions, to transmit to the Director of the Legislative Fiscal Bureau each item of anticipated equipment purchases in excess of \$100,000 during the fiscal year. These proposed items are also required to be listed as a separate line item in the proposed budgets by the agencies and the institutions.

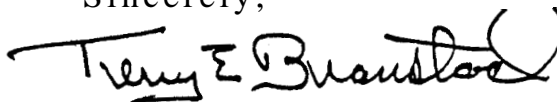
Section 27 of this bill is designed to assist the legislature in implementing the restriction on equipment purchases contained in Section 26 of the bill. Given the fact that Section 26 is item vetoed, state agencies and Regent institutions should not be required to do this unnecessary paperwork and reporting. Certainly, if the legislature desires to receive information regarding actual equipment purchases, the information should be made available upon request.

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In summary, the state finances remain tight and House File 355 would result in \$9 million of excessive spending. Moreover, the state's budget requires a concerted effort over the next several years to restore it to a generally accepted system of accounting. Appropriating funds in one year and spending them in another would set the state back in our efforts to put the state's fiscal house in order.

For the above reasons, I hereby respectfully disapprove of these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 355 are hereby approved as of this date.

Sincerely,

A handwritten signature in cursive script that reads "Terry E. Branstad". The signature is written in dark ink and is positioned above the printed name and title.

Terry E. Branstad
Governor

TEB/ps

cc: Secretary of State
Secretary of the Senate
Chief Clerk of the House

HOUSE FILE 374

AN ACT

RELATING TO ELIGIBILITY FOR A MOBILE HOME REDUCED TAX RATE, A MILITARY SERVICE PROPERTY TAX EXEMPTION, THE FILING OF LATE CLAIMS FOR A HOMESTEAD TAX CREDIT AND MILITARY SERVICE PROPERTY TAX EXEMPTION, AN EXEMPTION FROM THE REAL ESTATE TRANSFER TAX, CONTINUING EDUCATION FOR ASSESSORS AND DEPUTY ASSESSORS, THE LENGTH OF BOARD OF REVIEW SESSIONS, AND APPEAL RIGHTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 135D.22, subsection 2, unnumbered paragraph 1, Code 1987, is amended to read as follows:
2. If the owner of the mobile home is an Iowa resident, was totally disabled, as defined in section 425.17, subsection 6 on or before December 31 of the base year, is a surviving spouse having attained the age of fifty-five years on or before December 31 of the base year or has attained the age of sixty-five years on or before December 31 of the base year and has an income when included with that of a spouse which is less than five-thousand dollars per year, no semiannual tax shall be imposed on the mobile home. If the income is five thousand dollars or more but less than twelve thousand dollars, the semiannual tax shall be computed as follows:

Sec. 2. Section 425.2, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The failure of a person to file a claim under this section on or before July 1 of the year for which the person is first claiming the credit or to have the evidence of ownership recorded in the office of the county recorder does not disqualify the claim if the person claiming the credit or through whom the credit is claimed is otherwise qualified. The belated claim shall be filed with the

appropriate assessor on or before December 31 of the following calendar year and, if approved by the board of supervisors, the county treasurer shall file an amended certificate of homestead tax credits with the director of revenue and finance pursuant to section 425.4.

Sec. 3. Section 427.5, unnumbered paragraphs 1 and 5, Code 1987, are amended to read as follows:

A person named in section 427.3, who is a resident of and domiciled in the state of Iowa, shall receive a reduction equal to the exemption, to be made from any property owned by the person and so designated by proceeding as hereafter provided in the section. In order to be eligible to receive the exemption the person claiming it shall have had recorded in the office of the county recorder of the county in which is located the property designated for the exemption, evidence of property ownership and the military certificate of satisfactory service, order transferring to inactive status, reserve retirement, or order of separation from service, or honorable discharge or a copy of any of these documents of the person claiming or through whom is claimed the exemption. If the evidence of satisfactory service, separation, retirement, furlough to reserve, inactive status, or honorable discharge is lost the claimant may record in lieu thereof a certified copy.

The failure of a person to file a claim under this section before July 1 of the year for which the person is first claiming the exemption or to have the evidence of property ownership and satisfactory service, separation, retirement, furlough to reserve, inactive status, or honorable discharge recorded in the office of the county recorder does not disqualify the claim if the person claiming the exemption or through whom the exemption is claimed is otherwise qualified.

The belated claim shall be filed with the appropriate assessor before the succeeding July 1 December 31 of the following calendar year and, if approved by the board of

supervisors, the county treasurer shall file an amended certificate of military service tax credits with the director of revenue ~~before the director certifies the total credits claimed by each county to the state comptroller as provided in~~ pursuant to section 426A.4 426A.3.

Sec. 4. Section 428A.1, unnumbered paragraph 2, Code 1987, is amended to read as follows:

~~At the time~~ When each deed, instrument, or writing by which any real property in this state is granted, assigned, transferred, or otherwise conveyed is presented for recording to the county recorder, a declaration of value signed by at least one of the sellers or one of the buyers or their agents shall be submitted to the county recorder. A declaration of value is not required for those instruments described in section 428A.2, subsections 2 to 13 and 16 to ~~18~~ 19, or if a transfer is the result of acquisition of lands, whether by contract or condemnation, for public purposes through an exercise of the power of eminent domain. The declaration of value shall state the full consideration paid for the real property transferred. If agricultural land, as defined in section 172C.1, is purchased by a corporation, limited partnership, trust, alien or nonresident alien, the declaration of value shall include the name and address of the buyer, the name and address of the seller, a legal description of the agricultural land, and identify the buyer as a corporation, limited partnership, trust, alien, or nonresident alien. The county recorder shall not record the declaration of value, but shall enter on the declaration of value information the director of revenue and finance requires for the production of the sales/assessment ratio study and transmit all declarations of value to the city or county assessor in whose jurisdiction the property is located. The city or county assessor shall enter on the declaration of value the information the director of revenue and finance requires for the production of the sales/assessment ratio

study and transmit one copy of each declaration of value to the director of revenue and finance, at times as directed by the director of revenue and finance. The assessor shall retain one copy of each declaration of value for three years from December 31 of the year in which the transfer of realty for which the declaration was filed took place. The director of revenue and finance shall, upon receipt of the information required to be filed under this chapter by the city or county assessor, send to the office of the secretary of state that part of the declaration of value which identifies a corporation, limited partnership, trust, alien, or nonresident alien as a purchaser of agricultural land as defined in section 172C.1.

Sec. 5. Section 428A.2, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 19. Deeds executed by public officials in the performance of their official duties.

Sec. 6. Section 441.8, unnumbered paragraphs 4 and 5, Code 1987, are amended to read as follows:

The director of revenue and finance shall establish, designate, or approve courses, workshops, seminars, or symposiums to be offered as part of the continuing education program, the content of these courses, workshops, seminars, or symposiums and the number of hours of classroom instruction for each. The director of revenue and finance may provide that no more than thirty hours of tested credit may be received for the submission of a narrative appraisal approved by a professional appraisal society designated by the director. At least once each year the director of revenue and finance shall evaluate the continuing education program and make necessary changes in the program.

Upon the successful completion of courses, workshops; seminars, a narrative appraisal or symposiums contained in the program of continuing education, as demonstrated by attendance at sessions of the courses, workshops, seminars or symposiums

and, in the case of a course designated by the director of revenue and finance, attaining a grade of at least seventy percent on an examination administered at the conclusion of the course, or the submission of proof that a narrative appraisal has been approved by a professional appraisal society designated by the director of revenue and finance the assessor or deputy assessor shall receive credit equal to the number of hours of classroom instruction contained in those courses, workshops, seminars, or symposiums or the number of hours of credit specified by the director of revenue and finance for a narrative appraisal. An assessor or deputy assessor shall not be allowed to obtain credit for a course, workshop, seminar, or symposium for which the assessor or deputy assessor has previously received credit during the current term or appointment except for those courses, workshops, seminars, or symposiums designated by the commission director of revenue and finance. Only one narrative appraisal may be approved for credit during the assessor's or deputy assessor's current term or appointment and credit shall not be allowed for a narrative appraisal approved by a professional appraisal society prior to the beginning of the assessor's or deputy assessor's current term or appointment. The examinations shall be confidential, except that the director of revenue and finance and persons designated by the director may have access to the examinations.

Sec. 7. Section 441.33, Code 1987, is amended to read as follows:

441.33 SESSIONS OF BOARD OF REVIEW.

The board of review shall be in session from May 1 to through the period of time necessary to act on all protests filed under section 441.37 but not later than May 31 each year and for an additional period as required under section 441.37 and shall hold as many meetings as are necessary to discharge its duties. On or before May 31 in those years in which a

session has not been extended as required under section 441.37, the board shall return all books, records and papers to the assessor except undisposed of protests and records pertaining to those protests. If it has not completed its work prior to by May 31, in those years in which the session has not been extended under section 441.37, the director of revenue and finance may authorize the board of review to continue in session for a period necessary to complete its work, but the director of revenue and finance shall not approve a continuance extending beyond July 15. On or before May 31 or on the final day of any extended session required under section 441.37 or authorized by the director of revenue and finance, the board of review shall be adjourned adjourn until May 1 of the following year. It shall adopt its own rules of procedure, elect its own chairperson from its membership, and keep minutes of its meetings. The board shall appoint a clerk who may be a member of the board or any other qualified person, except the assessor or any member of the assessor's staff. It may be reconvened by the director of revenue and finance. All undisposed protests in its hands on July 15 shall be automatically overruled and returned to the assessor together with its other records.

Within fifteen days following the adjournment of any regular or special session, the board of review shall submit to the director of revenue and finance, on forms prescribed by the director, a report of any actions taken during that session.

Sec. 8. Section 441.30, Code 1987, is amended to read as follows:

441.38 APPEAL TO DISTRICT COURT.

Appeals may be taken from the action of the board of review with reference to protests of assessment, to the district court of the county in which such the board holds its sessions within twenty days after its adjournment or May 31, whichever date is later. No new grounds in addition to those set out in

the protest to the board of review as provided in section 441.37 can be pleaded, but additional evidence to sustain ~~said~~ those grounds may be introduced. The assessor shall have the same right to appeal and in the same manner as an individual taxpayer, public body or other public officer as provided in section 441.42. Appeals shall be taken by a written notice to that effect to the chairperson or presiding officer of the board of review and served as an original notice.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 374, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HOUSE FILE 499

AN ACT

RELATING TO EDUCATION INCLUDING SALARY INCREASES, EFFICIENCIES, AND EDUCATION ENHANCEMENT, RELATING TO THE ESTABLISHMENT OF AN EDUCATIONAL EXCELLENCE PROGRAM CONSISTING OF THREE PHASES RELATING TO THE RECRUITMENT OF QUALITY TEACHERS, THE RETENTION OF QUALITY TEACHERS, AND THE ENHANCEMENT OF THE QUALITY AND EFFECTIVENESS OF TEACHERS; ACTIVITIES OF THE STATE BOARD OF EDUCATION RELATING TO THE ACCREDITATION PROCESS; COLLECTIVE BARGAINING; CERTIFICATION OF SCHOOL DISTRICT EMPLOYEES; PROVISION OF CERTAIN SERVICES TO SCHOOL DISTRICTS AND OTHER AREA EDUCATION AGENCIES BY AREA EDUCATION AGENCIES; PROVISION OF PILOT PROJECTS FOR MODIFIED BLOCK SCHEDULING BY SCHOOL DISTRICTS AND FOR YEAR AROUND SCHOOLS; ELIMINATION OF PROHIBITION OF EMPLOYMENT OF SPOUSES OF SCHOOL BOARD DIRECTORS; WEIGHTING OF SCHOOL ADMINISTRATORS; ESTABLISHING SABBATICAL PROGRAMS FOR TEACHERS; INCREASING THE ENRICHMENT AMOUNT; PROVIDING FOR APPEALS OF CERTAIN DECISIONS OF SCHOOL DISTRICTS; RETIREMENT INCENTIVES; STUDYING THE ROLE OF TEACHERS; DURATION OF A SUPERINTENDENT'S CONTRACT; OPEN ENROLLMENT OF PUPILS IN CONTIGUOUS SCHOOL DISTRICTS; POSTSECONDARY ENROLLMENT OPTIONS FOR CERTAIN HIGH SCHOOL STUDENTS; REDRAWING BOUNDARY LINES OF AREA EDUCATION AGENCIES; PLANS FOR A GOVERNANCE STRUCTURE FOR MERGED AREA SCHOOLS; DATE OF THE ORGANIZATIONAL MEETING OF SCHOOL CORPORATIONS; SHARING INTERSCHOLASTIC ACTIVITY PROGRAMS; ADOPTION OF STUDENT ACHIEVEMENT GOALS; PROVISION FOR INTERCOLLEGIATE ATHLETIC ACTIVITIES AT MERGED AREA SCHOOLS; PROCEDURE FOR OPTING OUT OF WHOLE GRADE SHARING; CALCULATION OF ENROLLMENT OF SCHOOL DISTRICTS; WEIGHTING FOR NON-ENGLISH-SPEAKING STUDENTS; AND PROVIDE EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

EDUCATIONAL EXCELLENCE PROGRAM

Section 1. NEW SECTION. 294A.1 EDUCATIONAL EXCELLENCE PROGRAM.

The purpose of this chapter is to promote excellence in education. In order to maintain and advance the educational excellence in the state of Iowa, this chapter establishes the Iowa educational excellence program. The program shall consist of three major phases addressing the following:

1. Phase I -- The recruitment of quality teachers.
2. Phase II -- The retention of quality teachers.
3. Phase III -- The enhancement of the quality and effectiveness of teachers through the utilization of performance pay.

Sec. 2. NEW SECTION. 294A.2 DEFINITIONS.

For the purposes of this chapter:

1. "Teacher" means an individual holding a teaching certificate issued under chapter 260, letter of authorization, or a statement of professional recognition issued by the board of educational examiners who is employed in a nonadministrative position by a school district or area education agency pursuant to a contract issued by a board of directors under section 279.13. A teacher may be employed in both an administrative and a nonadministrative position by a board of directors and shall be considered a part-time teacher for the portion of time that the teacher is employed in a nonadministrative position.

2. "Teacher's regular compensation" means the annual salary specified in a teacher's contract pursuant to the salary schedule adopted by the board of directors or negotiated under chapter 20. It does not include pay earned by a teacher for performance of additional noninstructional duties and does not include the costs of the employer's share of fringe benefits.

3. "Certified enrollment in a school district" for the school years beginning July 1, 1987, July 1, 1988, and July 1, 1989, means that district's basic enrollment for the budget year beginning July 1, 1987 as defined in section 442.4. For each school year thereafter, certified enrollment in a school district means that district's basic enrollment for the budget year.

4. "Enrollment served" for the fiscal years beginning July 1, 1987, July 1, 1988, and July 1, 1989, means that area education agency's enrollment served for the budget year beginning July 1, 1987. For each school year thereafter, enrollment served means that area education agency's enrollment served for the budget year. Enrollment served shall be determined under section 442.27, subsection 12.

5. "Specialized training requirements" means requirements prescribed by a board of directors to meet specific needs of the school district identified by the board of directors that provide for the acquisition of clearly defined skills through formal or informal education that are beyond the requirements necessary for initial certification under chapter 260.

6. "General training requirements" means requirements prescribed by a board of directors that provide for the acquisition of additional semester hours of graduate credit from an institution of higher education approved by the board of educational examiners or the completion of staff development activities approved by the department of education for renewal of certificates issued under chapter 260.

Sec. 3. NEW SECTION. 294A.3 EDUCATIONAL EXCELLENCE FUND.

An educational excellence fund is established in the office of treasurer of state to be administered by the department of education. Moneys appropriated by the general assembly for deposit in the fund shall be paid to school districts and area education agencies pursuant to the requirements of this chapter and shall be expended only to pay for increases in the

regular compensation of teachers and other salary increases for teachers, to pay the costs of the employer's share of Federal social security and Iowa public employees' retirement system, or a pension and annuity retirement system established under chapter 294, payments on the salary increases, and to pay costs associated with providing specialized or general training. Moneys received by school districts and area education agencies shall not be used for pay earned by a teacher for performance of additional noninstructional duties.

If moneys are appropriated by the general assembly to the fund for distribution under this chapter the moneys shall be allocated by the department so that the allocations of moneys for phases I and II are made prior to the allocation of moneys for phase III.

DIVISION II

PHASE I

Sec. 4. NEW SECTION. 294A.4 GOAL.

The goal of phase I is to provide for establishment of pay plans incorporating sufficient annual compensation to attract quality teachers to Iowa's public school system. This is accomplished by increasing the minimum salary. A beginning salary which is competitive with salaries paid to other professionals will provide incentive for top quality individuals to enter the teaching profession.

Sec. 5. NEW SECTION. 294A.5 MINIMUM SALARY SUPPLEMENT.

For the school year beginning July 1, 1987 and succeeding school years, the minimum annual salary paid to a full-time teacher as regular compensation shall be eighteen thousand dollars.

For the school year beginning July 1, 1987 for phase I, each school district and area education agency shall certify to the department of education by the third Friday in September the names of all teachers employed by the district or area education agency whose regular compensation is less

than eighteen thousand dollars per year for that year and the amounts needed as minimum salary supplements. The minimum salary supplement for each eligible teacher is the total of the difference between eighteen thousand dollars and the teacher's regular compensation plus the amount required to pay the employer's share of the federal social security and Iowa public employees' retirement system, or a pension and annuity retirement system established under chapter 294, payments on the additional salary moneys.

The board of directors shall report the salaries of teachers employed on less than a full-time equivalent basis, and the amount of minimum salary supplement shall be prorated.

Sec. 6. NEW SECTION. 294A.6 PAYMENTS.

For the school year beginning July 1, 1987, the department of education shall notify the department of revenue and finance of the total minimum salary supplement to be paid to each school district and area education agency under phase I and the department of revenue and finance shall make the payments. For school years after the school year beginning July 1, 1987, if a school district or area education agency reduces the number of its full-time equivalent teachers below the number employed during the school year beginning July 1, 1987, the department of revenue and finance shall reduce the total minimum salary supplement payable to that school district or area education agency so that the amount paid is equal to the ratio of the number of full-time equivalent teachers employed in the school district or area education agency for that school year divided by the number of full-time equivalent teachers employed in the school district or area education agency for the school year beginning July 1, 1987 and multiplying that fraction by the total minimum salary supplement paid to that school district or area education agency for the school year beginning July 1, 1987.

DIVISION III

PHASE II

Sec. 7. NEW SECTION. 294A.8 GOAL.

The goal of phase II is to keep Iowa's best educators in the profession and assist in their development by providing general salary increases.

Sec. 8. NEW SECTION. 294A.9 PHASE II PROGRAM.

Phase II is established to improve the salaries of teachers. For each fiscal year, the department of education shall allocate to each school district for the purpose of implementing phase II an amount equal to seventy-five dollars and ninety-three cents multiplied by the district's certified enrollment and to each area education agency for the purpose of implementing phase II an amount equal to three dollars and fifty-five cents multiplied by the enrollment served in the area education agency, if the general assembly has appropriated sufficient moneys to the fund so that pursuant to section 294A.3, thirty-eight million five hundred thousand dollar; will be allocated by the department to school districts and area education agencies for phase II. If, because of the amount of the appropriation made by the general assembly to the fund, less than thirty-eight million five hundred thousand dollars is allocated for phase II, the department of education shall adjust the amount for each student in certified enrollment and each student in enrollment served based upon the amount allocated for phase II.

The department of education shall certify the amounts of the allocations for each school district and area education agency to the department of revenue and finance and the department of revenue and finance shall make the payments to school districts and area education agencies.

If a school district has discontinued grades under section 282.7, subsection 1, or students attend school in another school district, under an agreement with the board of the other school district, the board of directors of the district of residence shall transmit the phase II moneys allocated to

the district for those students based upon the full-time equivalent attendance of those students to the board of the school district of attendance of the students.

If a school district uses teachers under a contract between the district and the area education agency in which the district is located, the school district shall transmit to the employing area education agency a portion of its phase II allocation based upon the portion that the salaries of teachers employed by the area education agency and assigned to the school district for a school year bears to the total teacher salaries paid in the district for that school year, including the salaries of the teachers employed by the area education agency.

If the school district or area education agency is organized under chapter 20 for collective bargaining purposes, the board of directors and certified bargaining representative for the certificated employees shall mutually agree upon a formula for distributing the phase II allocation among the teachers. For the school year beginning July 1, 1987 only, the parties shall follow the procedures specified in chapter 20 except that if the parties reach an impasse, neither impasse procedures agreed to by the parties nor sections 20.20 through 20.22 shall apply and the phase II allocation shall be divided as provided in section 294A.10. Negotiations under this section are subject to the scope of negotiations specified in section 20.9. If a board of directors and certified bargaining representative for certificated employees have not reached mutual agreement by July 15, 1987 for the distribution of the phase II payment, section 294A.10 will apply.

If the school district or area education agency is not organized for collective bargaining purposes, the board of directors shall determine the method of distribution.

Sec. 9. NEW SECTION. 294A.10 FAILURE TO AGREE ON DISTRIBUTION.

For the school year beginning July 1, 1987 only, if the board of directors and certified bargaining representative for the certificated employees have not reached agreement under section 294A.9, the board of directors shall divide the payment among the teachers employed by the district or area education agency as follows:

1. All full-time teachers whose regular compensation is equal to or more than the minimum salary for phase I will receive an equal amount from the phase II allocation.
2. A teacher who will receive a minimum salary supplement under section 294A.5 will receive moneys equal to the difference between the amount from the phase II allocation and the minimum salary supplement paid to that teacher.
3. The amount from the phase II allocation will be prorated for a teacher employed on less than a full-time basis.
4. An amount from the phase II allocation includes the amount required to pay the employers' share of the federal social security and Iowa public employees' retirement system, or a pension and annuity retirement system established under chapter 294, payments on the additional salary.

Sec. 10. NEW SECTION. 294A.11 REPORTS.

By August 15, 1987, each school district and area education agency shall file a report with the department of education, on forms provided by the department of education, specifying the method used to distribute the phase II allocation.

Reports filed by area education agencies shall include a description of the method used to distribute phase II allocations to teachers employed by the area education agency working under contract in a school district.

DIVISION IV
PHASE III

Sec. 11. NEW SECTION. 294A.12 GOAL.

The goal of phase III is to enhance the quality, effectiveness, and performance of Iowa's teachers by promoting teacher excellence. This will be accomplished through the development of performance-based pay plans and supplemental pay plans requiring additional instructional work assignments which may include specialized training or differential training, or both.

It is the intent of the general assembly that school districts and area education agencies incorporate into their planning for performance-based pay plans and supplemental pay plans, implementation of recommendations from recently issued national and state reports relating to the requirements of the educational system for meeting future educational needs, especially as they relate to the preparation, working conditions, and responsibilities of teachers, including but not limited to assistance to new teachers, development of teachers as instructional leaders in their schools and school districts, using teachers for evaluation and diagnosis of other teachers' techniques, and the implementation of sabbatical leaves.

Sec. 12. NEW SECTION. 2948.13 PHASE III PROGRAM.

For the school year beginning July 1, 1987 and succeeding school years, each school district and area education agency that meet the requirements of this section are eligible to receive moneys for the implementation under phase III of a performance-based pay plan or supplemental pay plan, or a combination of the two.

Sec. 13. NEW SECTION. 294A.14 PHASE III PAYMENTS.

For each, fiscal year, the department shall allocate the remainder of the moneys appropriated by the general assembly to the fund for phase III, subject to section 294A.168. If fifty million dollars is allocated for phase III, the payments for an approved plan for a school district shall be equal to the product of a district's certified enrollment and ninety-

eight dollars and sixty-three cents, and for an area education agency shall be equal to the product of an area education agency's enrollment served and four dollars and sixty cents. If the moneys allocated for phase III are either greater than or less than fifty million dollars, the department of education shall adjust the amount for each student in certified enrollment and each student in enrollment served based upon the amount allocated for phase III.

If a school district has discontinued grades under section 282.7, subsection 1, or students attend school in another school district, under an agreement with the board of the other school district, the board of directors of the district of residence shall transmit the phase III moneys allocated to the district for those students based upon the full-time equivalent attendance of those students to the board of the school district of attendance of the students.

A plan shall be developed using the procedure specified under section 294A.15. The plan shall provide for the establishment of a performance-based pay plan, a supplemental pay plan, or a combination of the two pay plans and shall include a budget for the cost of implementing the plan. In addition to the costs of providing additional salary for teachers and the amount required to pay the employers' share of the federal social security and Iowa public employees' retirement system, or a pension and annuity retirement system established under chapter 294, payments on the additional salary, the budget may include costs associated with providing specialized or general training. Moneys received under phase III shall not be used to employ additional employees of a school district, except that phase III moneys may be used to employ substitute teachers, part-time teachers, and other employees needed to implement plans that provide innovative staffing patterns or that require that a teacher employed on a full-time basis be absent from the classroom for specified

periods for fulfilling other Instructional duties. However, all teachers employed are eligible to receive additional salary under an approved plan.

For the purpose of this section, a performance-based pay plan shall provide for salary increases for teachers who demonstrate superior performance in completing assigned duties. The plan shall include the method used to determine superior performance of a teacher. For school districts, the plan may include assessments of specific teaching behavior, assessments of student performance, assessments of other characteristics associated with effective teaching, or a combination of these criteria.

For school districts, a performance-based pay plan may provide for additional salary for individual teachers or for additional salary for all teachers assigned to an attendance center. For area education agencies, a performance-based pay plan may provide for additional salary for individual teachers or for additional salary for all teachers assigned to a specific discipline within an area education agency. If the plan provides additional salary for all teachers assigned to an attendance center, or specific discipline, the receipt of additional salary by those teachers shall be determined on the basis of whether that attendance center or specific discipline, meets specific objectives adopted for that attendance center, or specific discipline. For school districts, the objectives may include, but are not limited to, decreasing the dropout rate, increasing the attendance rate, or accelerating the achievement growth of students enrolled in that attendance center.

If a performance-based pay plan provides additional salary for individual teachers:

1. The plan may provide for salary moneys in addition to the existing salary schedule of the school district or area education agency and may require the participation by the teacher in specialized training requirements.

2. The plan may provide for salary moneys by replacing the existing salary schedule or as an option to the existing salary schedule and may include specialized training requirements, general training requirements, and experience requirements.

A supplemental pay plan may provide for supplementing the costs of vocational agriculture programs as provided in section 294A.16A.

For the purpose of this section, a supplemental pay plan in a school district shall provide for the payment of additional salary to teachers who participate in either additional instructional work assignments or specialized training during the regular school day or during an extended school day, school week, or school year. A supplemental pay plan in an area education agency shall provide for the payment of additional salary to teachers who participate in either additional work assignments or improvement of instruction activities with school districts during the regular school day or during an extended school day, school week, or school year.

For school districts, additional instructional work assignments may include but are not limited to general curriculum planning and development, vertical articulation of curriculum, horizontal curriculum coordination, development of educational measurement practices for the school district, development of plans for assisting beginning teachers during their first year of teaching, attendance at summer staff development programs, development of staff development programs for other teachers to be presented during the school year, and other plans locally determined in the manner specified in section 294A.15 and approved by the department of education under section 294A.16 that are of equal importance or more appropriately meet the educational needs of the school district.

For area education agencies, additional instructional work assignments may include but are not limited to providing assistance and support to school districts in general curriculum planning and development, providing assistance to school districts in vertical articulation of curriculum and horizontal curriculum coordination, development of educational measurement practices for school districts in the area education agency, development of plans for assisting beginning teachers during their first year of teaching, attendance or instruction at summer staff development programs, development of staff development programs for school district teachers to be presented during the school year, and other plans determined in the manner specified in section 294A.15 and approved by the department of education under section 294A.16 that are of equal importance or more appropriately meet the educational needs of the area education agency.

Sec. 14. NEW SECTION. 294A.15 DEVELOPMENT OF PLAN.

The board of directors of a school district desiring to receive moneys under phase III shall appoint a committee consisting of representatives of school administrators, teachers, parents, and other individuals interested in the public schools of the school district to develop a proposal for distribution of phase III moneys to be submitted to the board of directors. The board of directors of an area education agency desiring to receive moneys under phase III shall appoint a committee of similar membership to develop a proposal. If the school district or area education agency is organized under chapter 20 for collective bargaining purposes, the board shall provide that one of the teacher members of the committee is an individual selected by the certified bargaining representative for certificated employees of the district or area education agency. The proposal developed by the committee shall be submitted to the board of directors of the school district or area education agency for consideration

by the board in developing a plan. For the school year beginning July 1, 1987, if the school district or area education agency is organized for collective bargaining purposes under chapter 20, the portions of the proposed plan that are within the scope of negotiations specified in section 20.9 require the mutual agreement by January 1, 1988 of both the board of directors of the school district or area education agency and the certified bargaining representative for the certificated employees. In succeeding years, if the school district or area education agency is organized for collective bargaining purposes, the portions of the proposed plan that are within the scope of the negotiations specified in section 20.9 are subject to chapter 20.

Nothing in this chapter shall be construed to expand or restrict the scope of negotiations in section 20.9.

Sec. 15. NEW SECTION. 294A.16 SUBMISSION OF PLAN.

A plan adopted by the board of directors of a school district or area education agency shall be submitted to the department of education not later than July 1 of a school year for that school year. Amendments to multiple year plans may be submitted annually.

If a school district uses teachers under a contract between the district and the area education agency in which the district is located, the school district shall make provision for those teachers under phase III.

The department of education shall review each plan and its budget and notify the department of management of the names of school districts and area education agencies with approved plans.

However, for the school year beginning July 1, 1987, a board of directors may submit a proposed plan and budget not later than January 1, 1988, and the department of education shall notify the school districts and area education agencies not later than February 15, 1988 that their plans have been

approved by the department. Final approval of budgets for approved phase III plans shall be determined by the department of education after the certification required in section 294A.163 but not later than February 15, 1988. The department of education shall notify the department of revenue and finance of the amounts of payments to be made to each school district and area education agency that has an approved plan. Moneys allocated to a school district or area education agency for the school year beginning July 1, 1987 for an approved phase III plan that are not expended for that school year shall not revert to the general fund of the state but may be expended by that school district or area education agency during the school year beginning July 1, 1988. For school years thereafter, moneys allocated to a school district or area education agency for an approved phase III plan for a school year but not expended during that school year shall revert to the general fund of the state as provided in section 8.33.

Sec. 16. NEW SECTION. 294A.16A VOCATIONAL AGRICULTURE.

A supplemental pay plan that provides for supplementing the costs of vocational agriculture programs may provide for increasing teacher salary costs for twelve month contracts for vocational, agriculture teachers.

Sec. 17. NEW SECTION. 294A.168 DETERMINATION OF PWSE ALLOCATION.

On February 1, 1988, the governor shall certify to the department of education the amount of money available for allocation under phase III. If pursuant to any provision of law, the governor certifies an amount lower than the allocation that would otherwise be made under this chapter, the department of education shall, if necessary, adjust the amount for each student in certified enrollment and each student in enrollment served which are included in approved plans pursuant to section 294A.14 and shall review the budgets of the approved plans.

Sec. 18. NEW SECTION. 294A.17 REPORT.

Each school district and area education agency receiving moneys for phase III during a school year shall file a report with the department of education by July 1 of the next following school year. The report shall describe the plan, its implementation, and the expenditures made under the plan including the salary increases paid to each eligible employee. The report may include any proposed amendments to the plan for the next following school year.

Sec. 19. NEW SECTION. 294A.18 REVERSION OF HONEYS.

Any portion of moneys appropriated to the educational excellence trust fund and allocated to phase III under section 294A.3 for a fiscal year not expended by school districts and area education agencies during that fiscal year revert to the general fund of the state as provided in section 8.33.

**DIVISION V
GENERAL PROVISIONS**

Sec. 20. NEW SECTION. 294A.19 RULES.

The state board of education shall adopt rules under chapter 17A for the administration of this chapter.

Sec. 21. NEW SECTION. 294A.20 PAYMENTS.

Payments for each phase of the educational excellence program shall be made by the department of revenue and finance on a quarterly basis, and the payments shall be separate from state aid payments made pursuant to sections 442.25 and 442.26. For the school year beginning July 1, 1987, the first quarterly payment shall be made not later than October 15, 1987 taking into consideration the relative budget and cash position of the state resources. The payments to a school district or area education agency may be combined and a separate accounting of the amount paid for each program shall be included.

Any payments made to school districts or area education agencies under this chapter are miscellaneous income for purposes of chapter 442.

Sec. 22. NEW SECTION. 294A.21 MULTIPLE SALARY PAYMENTS.

The salary increases that may be granted to a teacher under phase III are in addition to any salary increases granted to a teacher under phase I or phase II.

Sec. 23. NEW SECTION. 294A.21B COLLECTIVE BARGAINING.

For the school year beginning July 1, 1987 only, section 20.17, subsection 3, relating to the exemption from chapter 21 and presentation of initial bargaining positions of the public employer and certified bargaining representative for certificated employees, does not apply to collective bargaining for moneys received under phases II and III, and an agreement between the board of directors and the certified bargaining representative for certificated employees need not be ratified by the employees or board.

DIVISION VI

EFFICIENCY INCENTIVES

Sec. 24. Section 256.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 8. Develop plans for the approval of teacher preparation programs that incorporate the results of recently completed research and national studies on teaching for the twenty-first century and develop plans for providing assistance to newly graduated teachers, including options for internships and reduced teaching loads. The plans shall be submitted to the general assembly not later than October 1, 1988.

Sec. 25. Section 256.7, subsection 7, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Develop plans for the restructuring of school districts, area education agencies, and merged area schools, with specific emphasis on combining the area education agencies and merged area schools. The plans shall be reported to the general assembly not later than October 1, 1987.

In addition, the state board shall develop plans for redrawing the boundary lines of area education agencies so that the total number of area education agencies is no fewer than four and no greater than twelve. The state board shall also study the governance structure of the merged area schools, including but not limited to governance at the state level with a director of area school education serving under a state board. The plans relating to the area education agencies and merged area schools shall be submitted to the general assembly not later than January 8, 1990.

PARAGRAPH DIVIDED. The focus of the plans shall be to assure more productive and efficient use of limited resources, equity of geographical access to facilities, equity of educational opportunity within the state, and improved student achievement.

Sec. 26. Section 256.11, subsections 10, 11, and 12, Code 1987, are amended by striking the subsections and inserting in lieu thereof the following:

10. The state board shall establish an accreditation process for school districts and nonpublic schools seeking accreditation pursuant to this subsection and subsections 11 and 12. As required in section 256.17, by July 1, 1989, all school districts shall meet standards for accreditation. For the school year commencing July 1, 1989 and school years thereafter, the department of education shall use a two-phase process for the continued accreditation of schools and school districts.

Phase I consists of annual monitoring by the department of education of all accredited schools and school districts for compliance with accreditation standards adopted by the state board of education as provided by section 256.17. The phase I monitoring requires that accredited school districts and schools annually complete accreditation compliance forms adopted by the state board and file them with the department

of education. In addition, employees of the department of education shall complete at least one onsite visit each year to each accredited school and school district to review the educational programs and the information included in the compliance forms.

Phase II requires the use of an accreditation committee, appointed by the director of the department of education, to conduct an onsite visit to an accredited school or school district, if any of the following conditions exist:

a. When the annual monitoring of phase I indicates that a school or school district may be deficient or falls to be in compliance with accreditation standards.

b. In response to a petition filed with the director requesting such a committee visitation that is signed by at least twenty percent of the number of registered voters voting in the preceding school election.

c. In response to a petition filed with the director requesting such a committee visitation that is signed by twenty percent or more of the parents or guardians who have children enrolled in the school or school district.

d. At the direction of the state board of education.

The number and composition of the membership of an accreditation committee shall be determined by the director and may vary due to the specific nature or reason for the visit. In all situations, however, the chairperson and a majority of the committee membership shall be from the instructional and administrative program specialty staff of the department of education. Other members may include instructional and administrative staff from school districts, area education agencies, institutions of higher education, local board members and the general public. An accreditation committee visit to a nonpublic school requires membership on the committee from nonpublic school instructional or administrative staff or board members. A member of a

committee shall not have a direct interest in the nonpublic school or school district being visited.

Rules adopted by the state board may include provisions for coordination of the accreditation process under this section with activities of accreditation associations.

Prior to a visit to a school district or nonpublic school, members of the accreditation committee shall have access to all annual accreditation report information filed with the department by that nonpublic school or school district.

After visiting the school district or nonpublic school, the accreditation committee shall determine whether the accreditation standards have been met and shall make a report to the director, together with a recommendation whether the school district or nonpublic school shall remain accredited. The accreditation committee shall report strengths and weaknesses, if any, for each standard and shall advise the school or school district of available resources and technical assistance to further enhance strengths and improve areas of weakness. A school district or nonpublic school may respond to the accreditation committee's report.

11. The director shall review the accreditation committee's report, and the response of the school district or nonpublic school, and provide a report and recommendation to the state board along with copies of the accreditation committee's report, the response to the report, and other pertinent information. The state board shall determine whether the school district or nonpublic school shall remain accredited. If the state board determines that a school district or nonpublic school should not remain accredited, the director, in cooperation with the board of directors of the school district, or authorities in charge of the nonpublic school, shall establish a plan prescribing the procedure's that must be taken to correct deficiencies in meeting the standards, and shall establish a deadline date for completion

of the procedures. The plan is subject to approval of the state board.

12. During the period of time specified in the plan for its implementation by a school district or nonpublic school, the school or school district remains accredited. The accreditation committee shall revisit the school district or nonpublic school and shall determine whether the deficiencies in the standards have been corrected and shall make a report and recommendation to the director and the state board. The state-board shall review the report and recommendation, may request additional information, and shall determine whether the deficiencies have been corrected. If the deficiencies have not been corrected, the state board shall merge the territory of the school district with one or more contiguous school districts. Division of assets and liabilities of the school district shall be as provided in sections 275.29 through 275.31. Until the merger is completed, the school district shall pay tuition for its resident students to an accredited school district under section 282.24.

'27. Section 256.13, Code 1987, is amended to read as follows:

256.13 NONRESIDENT PUPILS.

The boards of directors of two or more school districts may by agreement provide for attendance of pupils residing in one district in the schools of another district for the purpose of taking courses not offered in the district of their residence. The boards may also provide by agreement that the districts will combine their enrollments for one or more grades. Courses and grades made available to students in this manner shall be considered as complying with any standards or laws requiring the offering of such courses and grades. The boards of directors of districts entering into such agreements may provide for sharing the costs and expenses of the courses. If the agreement provides for whole grade sharing, the costs and

expenses shall be paid as provided in sections 282.10 through 282.12.

Sec. 28. Section 256.17, unnumbered paragraph 5, Code 1987, is amended by striking the unnumbered paragraph.

Sec. 29. NEW SECTION. 256.18 MODIFIED BLOCK SCHEDULING.

1. The state board of education shall approve pilot projects, not exceeding four per year, for the purpose of sharing certificated instructional personnel between two or more districts, when the participating districts plan to utilize a modified block schedule for offering classes in the districts and sharing the certificated instructional personnel because of the modified block schedule. One-half of the approved pilot projects each year shall be projects of school districts with less than twelve hundred combined certified enrollment. The approved pilot projects shall also be as geographically distributed throughout the state as possible.

2. The boards of directors of two or more school districts may jointly apply to the state board of education for approval of a pilot project to jointly utilize a modified block schedule. The application shall be received by January 1 of the preceding school year. The state board shall review the applications and notify school districts with approved applications not later than February 15 of the preceding school year. The state board may request that a proposal be amended and resubmitted within the specified time period, to permit the proposal to comply with the requirements pursuant to subsection 3.

3. The application, pursuant to subsection 2, shall include the following:

a. Demonstration of a projected minimum of fifteen percent annual combined instructional and support cost savings of the projected costs if the districts would not utilize a modified block schedule, through reduction of employment of certificated instructional and support personnel.

b. Demonstration among the grades participating in the project of the following: greater student-certificated instructional personnel ratio, an increased number of course offerings, and an average reduction of course preparations per certificated teacher.

c. Demonstration of the acceptance of the modified block schedule by the administration personnel, the majority of each board of directors of each school district participating in the pilot project, and the certificated Instructional personnel.

d. Transition and implementation plans regarding the in-service plan pursuant to subsection 5 and the changes necessary for a permanent modified block schedule.

e. Sabbatical plan for temporarily displaced teachers, which may include, but not be limited to, in-service, postsecondary enrollment, career advancement, consultant and other teaching positions in another school district.

For purposes of this section "Instructional and support cost" means the general education costs, including salaries, benefits, contract or purchase services, supplies, capital outlay, miscellaneous expenses, and fund transfers.

4. Certificated Instructional personnel notified, after approval of the pilot project by the state board, that the person's position has been temporarily displaced for the period of the pilot project, shall continue to be employed by the school district in a sabbatical capacity as mutually determined by the person and the board. If the determination is made that the person may be employed as a teacher in another school district for the period of the pilot project, the person shall receive the amount of the difference between the compensation which would have been received from the school district participating in the pilot project and the compensation received from the school district not participating in the pilot project, from the school district

participating in the pilot project. All other terms of the contract with the school district participating in the pilot project shall remain in effect for the school year affected by the pilot project.

5. The school districts participating in the approved pilot project shall conduct in-service training for all certificated instructional and noninstructional personnel regarding the modified block scheduling, between the date notified by the state board of education regarding approval of the pilot project and September 1. Personnel shall receive compensation for the training, based on the per diem compensation received under the contract of the employing school district. The in-service training shall not be less than ten days.

6. The school district shall submit a quarterly report to the department of education, including but not limited to, test scores, daily attendance rates, and resulting ratio between students and certificated Instructional personnel. The state board of education shall provide consultation and information to the school districts with approved pilot projects by providing in-state and out-of-state consultants familiar with modified block scheduling, research, and dissemination of information, and any other manner deemed appropriate. The state board shall encourage the appropriate school districts to review the concept of modified block scheduling and to adopt the concept for school years beginning July 1, 1989 and thereafter.

7. A school district may conduct a pilot project for only one school year.

8. This section does not preclude a school district from sharing certificated instructional personnel with one or more other school districts in order to utilize a modified block schedule for offering classes in the districts without obtaining approval from the department of education and designation as a pilot project.

Sec. 30. NEW SECTION. 256.19 PILOT PROJECTS.

For fiscal years in which moneys are appropriated by the general assembly for the purpose of section 256.18 the state board of education shall notify the department of revenue and finance of the amounts necessary for each pilot project in order to reimburse the certificated instructional personnel pursuant to section 256.18, subsection 4, for the in-service training pursuant to section 256.18, subsection 5, and for other costs related to the approved pilot projects.

Sec. 31. NEW SECTION. 256.20 YEAR AROUND SCHOOLS.

Pursuant to section 279.10, subsection 1, relating to the maintenance of school during an entire year, the board of directors of a school district may request approval from the state board of education for a pilot project for a year around three-semester school year. The deadlines for approval of a pilot project under this section are the deadlines specified in section 256.18 for approval of a modified block scheduling pilot project.

The application shall describe the anticipated additional costs to the school district and the benefits to be gained from the three semester school year. Students would not be required to attend school more than two semesters each school year.

Participation in a pilot project shall not modify provisions of a master contract negotiated between a school district and a certified bargaining unit pursuant to chapter 20 unless mutually agreed upon.

If moneys are appropriated by the general assembly for funding the costs of pilot projects under this section, the state board of education shall notify the department of revenue and finance of the amounts to be paid to each school district with an approved pilot project.

Sec. 32. NEW SECTION. 256.21 SABBATICAL PROGRAM.

If the general assembly appropriates money for grants to provide sabbaticals for teachers, a sabbatical program shall be established as provided in this section. For the school years commencing July 1, 1988, July 1, 1989, and July 1, 1990, any teacher with at least seven years of teaching experience in this state may submit an application for a sabbatical to the department of education not later than November 1 of the preceding school year.

A teacher's application shall include a plan for the use of the period of the sabbatical, including, but not limited to, additional education, use of a fellowship, conducting of research, writing relating to a particular subject area, or other activities relating to an enhancement of teaching skills. The teacher's plan must be accompanied by the written approval of the superintendent of the school district and a statement by the superintendent describing the benefits of the sabbatical to the school district.

The state board of education shall adopt rules under chapter 17A relating to submission of sabbatical plans and criteria for awarding the sabbaticals, including both the benefit to the teacher and the benefit to the school district. Sabbaticals shall be awarded by the department not later than January 1 of the preceding school year.

A sabbatical grant to a teacher shall be equal to the costs to the school district of the teacher's regular compensation as defined in section 294A.2 plus the cost to the district of the fringe benefits of the teacher. The grant shall be paid to the school district, and the district shall continue to pay the teacher's regular compensation as well as the cost to the district of the substitute teacher. Teachers and boards of school districts are encouraged to seek funding from other sources to pay the costs of sabbaticals for teachers. Grant moneys are miscellaneous income for purposes of chapter 442.

A sabbatical approved by the department may be for any period of time not exceeding one year.

A teacher granted a sabbatical under this section shall agree either to return to the school district granting the leave for a period of not less than two years or to repay to the department of education the amount of the sabbatical grant received during the leave.

Notwithstanding section 8.33, if moneys are appropriated by the general assembly for the sabbatical program for either the fiscal year beginning July 1, 1988 or July 1, 1989, the moneys shall not revert at the end of that fiscal year but shall carry over and may be expended during the next fiscal year.

This section does not preclude a school district from providing a sabbatical program for its teachers separate from the sabbatical program provided under this section.

Sec. 33. Section 260.6, Code 1987, is amended to read as follows:

260.6 CERTIFICATES REQUIRED.

The board of educational examiners shall issue certificates pursuant to sections 256.7, subsection 3, and 260.2. A person employed as an administrator, supervisor, school service person, or teacher in the public schools shall hold a certificate valid for the type of position in which the person is employed. Effective July 1, 1990, the board shall only issue an emergency temporary certificate or endorsement to an individual employed by a school district or nonpublic school after the board of that school district or authorities in charge of that nonpublic school certify to the board of educational examiners that the board or authorities attempted to employ a certificated or endorsed individual to fill the teaching vacancy and, if the vacancy is in a school district, the board also attempted to complete a sharing agreement with another school district for providing the classes or courses. An emergency temporary certificate or endorsement is valid for one year after its issuance and shall not be renewed.

Sec. 34. NEW SECTION. 260.20 NATIONAL CERTIFICATION.

The board of educational examiners shall review the certification standards for teacher's certificates adopted by the national board for professional teaching standards, a nonprofit corporation created as a result of recommendations of the task force on teaching as a profession of the Carnegie forum on education and the economy. In those cases in which the standards required by the national board for an Iowa endorsement meet or exceed the requirements contained in rules adopted under this chapter for that endorsement, the board of educational examiners shall issue certificates to holders of certificates issued by the national board who request the certificate.

Sec. 35. NEW SECTION. 261C.1 TITLE.

This chapter may be cited as the "Postsecondary Enrollment Options Act".

Sec. 36. NEW SECTION. 261C.2 POLICY.

It is the policy of this state to promote rigorous academic pursuits and to provide a wider variety of options to high school pupils by enabling eleventh and twelfth grade pupils to enroll part time in nonsectarian courses in eligible postsecondary institutions of higher learning in this state.

Sec. 37. NEW SECTION. 261C.3 DEFINITIONS.

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

1. "Eligible postsecondary institution" means an institution of higher learning under the control of the state board of regents, an area school established under chapter 280A, or an accredited private institution as defined in section 261.9, subsection 5.

2. "Eligible pupil" means a pupil classified by the board of directors of a school district as an eleventh or twelfth grade pupil during the period the pupil is participating in the enrollment option provided under this chapter.

Sec. 38. NEW SECTION. 261C.4 AUTHORIZATION.

An eligible pupil may make application to an eligible institution to allow the eligible pupil to enroll for academic credit in a nonsectarian course offered at that eligible institution. A comparable course must not be offered by the school district in which the pupil is enrolled. If an eligible institution accepts an eligible pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the department of education. The notice shall list the course, the clock hours the pupil will be attending the course, and the number of hours of postsecondary academic credit that the eligible pupil will receive from the eligible institution upon successful completion of the course.

Sec. 39. NEW SECTION. 261C.5 HIGH SCHOOL CREDITS.

A school district may grant high school academic credit to an eligible pupil enrolled in a course under this chapter if the eligible pupil successfully completes the course as determined by the eligible institution. The board of directors of the school district shall determine the number of high school credits that shall be granted to an eligible pupil who successfully completes a course.

The high school credits granted to an eligible pupil under this section shall count toward the graduation requirements and subject area requirements of the school district of residence of the eligible pupil. Evidence of successful completion of each course and high school credits and postsecondary academic credits received shall be included in the pupil's high school transcript.

Sec. 40. NEW SECTION. 261C.6 SCHOOL DISTRICT PAYMENTS.

Not later than June 30 of each year, a school district shall pay a tuition reimbursement amount to an eligible postsecondary institution that has enrolled its resident eligible pupils under this chapter. The amount of tuition reimbursement for each separate course shall equal the lesser of

1. The actual and customary costs of tuition, textbooks, materials, and fees directly related to the course taken by the eligible student.

2. Two hundred dollars.

A pupil is not eligible to enroll on a full-time basis in an eligible postsecondary institution and receive payment for all courses in which a student is enrolled. If an eligible postsecondary institution is an area school established under chapter 280A, the contact hours of a pupil for which a tuition reimbursement amount is received are not contact hours eligible for general aid under chapter 286A.

Sec. 41. NEW SECTION. 261C.7 TRANSPORTATION.

The parent or guardian of an eligible pupil who has enrolled in and is attending an eligible postsecondary institution under this chapter shall furnish transportation to and from the eligible postsecondary institution for the pupil.

Sec. 42. NEW SECTION. 261C.8 PROHIBITION ON CHARGES.

An eligible postsecondary institution that enrolls an eligible pupil under this chapter shall not charge that pupil for tuition, textbooks, materials, or fees directly related to the course in which the pupil is enrolled except that the pupil may be required to purchase equipment that becomes the property of the pupil.

Sec. 43. NEW SECTION. 261C.9 PUPIL ENROLLMENT.

Payments shall not be made under section 261C.6 if the eligible pupil is enrolled on a full-time basis in the pupil's school district of residence as well as enrolling in a course or program in an eligible postsecondary institution.

Sec. 44. Section 273.1, Code 1987, is amended to read as follows:

273.1 INTENT.

It is the intent of the general assembly to provide an effective, efficient, and economical means of identifying and serving children from under five years of age through grade

twelve who require special education and any other children requiring special education as defined in section 281.2; to provide for media services and other programs and services for pupils in grades kindergarten through twelve and children requiring special education as defined in section 281.2; to provide a method of financing the programs and services; and to avoid a duplication of programs and services provided by any other school corporation in the state; and to provide services to school districts under a contract with those school districts.

Sec. 45. NEW SECTION. 273.7A SERVICES TO SCHOOL DISTRICTS.

The board of an area education agency may provide services to school districts located in the area education agency under contract with the school districts. These services may include, but are not limited to, superintendency services, personnel services, business management services, specialized maintenance services, and transportation services. In addition, the board of the area education agency may provide for furnishing expensive and specialized equipment for school districts: School districts shall pay to area education agencies the cost of providing the services.

The board of an area education agency may also provide services authorized to be performed by area education agencies to other area education agencies in this state and to provide a method of payment for these services.

Sec. 46. Section 277.27, Code 1987, is amended to read as follows:

277.27 QUALIFICATION.

A school officer or member of the board shall, at the time of election or appointment, be an eligible elector of the corporation or subdistrict. Notwithstanding any contrary provision of the Code, no a member of the board of directors of any a school district, or director's spouse, shall not

receive compensation directly from the school board. No ~~director or spouse affected by this provision on July 17, 1972, whose term of office for which elected has not expired, or whose contract of employment has a fixed date of expiration and has not expired, shall be affected by this provision until the expiration of the term of office to which elected, or the expiration date of the contract for which employed.~~

Sec. 47. Section 279.1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The board of directors of each school corporation shall meet and organize at ~~two o'clock p.m. or at seven-thirty o'clock p.m. if so ordered by the president of the board,~~ on the third Monday in September each year the first regular meeting after a regular school election at some suitable place to be designated by the secretary. Notice of the place and hour of such meeting shall be given by the secretary to each member and each member-elect of the board.

Sec. 48. Section 279.20, Code 1987, is amended to read as follows:

279.20 SUPERINTENDENT -- TERM.

The board of directors of any a school district shall have power to may employ a superintendent of schools for one-year ~~After serving at least seven months, the superintendent may be employed for a term of not to exceed three years. However, the board's initial contract with a superintendent shall not exceed one year if the board is obligated to pay a former superintendent under an unexpired contract.~~ The superintendent shall be the executive officer of the board and have such powers and duties as may be prescribed by rules adopted by the board or by law. Boards of directors may jointly exercise the powers conferred by this section.

Sec. 49. Section 279.35, Code 1987, is amended by striking the section and inserting in lieu thereof the following:

279.35 PUBLICATION OF PROCEEDINGS.

The proceedings of each regular, adjourned, or special meeting of the board, including the schedule of bills allowed, shall be published after the adjournment of the meeting in the manner provided in this section and section 279.36, and the publication of the schedule of the bills allowed shall include a list of claims allowed, including salary claims for services performed. The schedule of bills allowed may be published on a once monthly basis in lieu of publication with the proceedings of each meeting of the board. The list of claims allowed shall include the name of the person or firm making the claim, the purpose of the claim, and the amount of the claim. However, salaries paid to individuals regularly employed by the district shall only be published annually and the publication shall include the total amount of the annual salary of each employee. The secretary shall furnish a copy of the proceedings to be published within two weeks following the adjournment of the meeting.

Sec. 50. Section 279.36, Code 1987, is amended by striking the section and inserting in lieu thereof the following;

279.36 PUBLICATION PROCEDURES AND FEE.

The requirements of section 279.35 are satisfied by publication in at least one newspaper published in the district or, if there is none, in at least one newspaper having general circulation within the district.

For the fiscal year beginning July 1, 1987, the fee for publications required under section 279.35 shall not exceed three-fifths of the legal publication fee provided by statute for the publication of legal notices. For the fiscal year beginning July 1, 1988, the fee for the publications shall not exceed three-fourths of that legal publication fee. For the fiscal year beginning July 1, 1989, and each fiscal year thereafter, the fee for the publications shall be the legal publication fee provided by statute.

Sec. 51. NEW SECTION. 279.46 RETIREMENT INCENTIVES.

The board of directors of a school district may adopt a program for payment of a monetary bonus, continuation of health or medical insurance coverage, or other incentives for encouraging its employees to retire before the normal retirement date as defined in chapter 97B. The program is available only to employees between fifty-nine and sixty-five years of age who notify the board of directors prior to March 1 of the fiscal year that they intend to retire not later than the next following June 30. An employee retiring under this section shall apply for a retirement allowance under chapter 978 or chapter 294. If the total estimated accumulated cost to a school district of the bonus or other incentives for employees who retire under this section does not exceed the estimated savings in salaries and benefits for employees who replace the employees who retire under the program, the board may certify for levy a tax on all taxable property in the school district to pay the costs of the program provided in this section. The levy certified under this section is in addition to any other levy authorized for that school district by law and is not subject to budget limitations otherwise provided by law. A board may amend its certified budget during a fiscal year to provide for payments required under this section. Moneys received from the levy imposed under this section are miscellaneous income for purposes of chapter 442.

Sec. 52. Section 280.4, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. In order to provide funds for the excess costs of instruction of non-English-speaking students above the costs of instruction of pupils in a regular curriculum, students identified as non-English-speaking are assigned an additional weighting of two-tenths and that weighting shall be included in the weighted enrollment of the school district of residence.

Sec. 53. NEW SECTION. 280.13A SHARING INTERSCHOLASTIC ACTIVITIES.

If a school district does not provide an interscholastic activity for its students, the board of directors of that school district may complete an agreement with another school district to provide for the eligibility of its students in interscholastic activities provided by that other school district. A copy of each agreement completed under this section shall be filed with the appropriate organization as organization is defined in section 280.13 not later than April 30 of the school year preceding the school year in which the agreement takes effect, unless an exception is granted by the organization for good cause. An agreement completed under this section shall be deemed approved unless denied by the governing organization within ten days after its receipt. A governing organization shall determine whether an agreement would substantially prejudice the interscholastic activities of other schools. An agreement denied by a governing board under this section may be appealed to the state board of education, under chapter 290.

For the purpose of this section, substantial prejudice includes, but is not limited to, situations where shared interscholastic activities may result in an unfair domination of an interscholastic activity or substantial disruption of activity classifications and management.

It is not necessary that school districts that are parties to an agreement under this section must be engaged in sharing academic programming and receiving supplementary weighting under section 442.39.

Sec. 54. Section 280.15, Code 1987, is amended to read as follows:

280.15 JOINT EMPLOYMENT AND SHARING.

Two or more public school districts may jointly employ and share the services of any school personnel, or acquire and

share the use of classrooms, laboratories, equipment and facilities. Classes made available to students in the manner provided in this section shall be considered as complying with the requirements of section 275.1 relating to the maintenance of kindergarten and twelve grades by a school district. If students attend classes in another school district under this section under an agreement that provides for whole grade sharing, the boards of directors of districts entering into these agreements shall provide for sharing the costs and expenses as provided in sections 292.10 through 282.12.

Sec. 55. Section 280.16, Code 1987, is amended by striking the section and inserting the following:

280.16 OPEN ENROLLMENT.

For the school years commencing July 1, 1988 and July 1, 1989, a parent or guardian residing in a school district in which the high school offers fewer than forty-one curriculum units either on its own or under a sharing agreement that does not meet the criteria for section 282.11 may enroll the parent's or guardian's child in a public school in a contiguous school district in the manner provided in this section if the conditions specified in this section exist.

Not later than February 1 of the preceding school year, the parent or guardian shall send notification to the district of residence and to the department of education on forms prescribed by the department of education that the parent or guardian intends to enroll the parent's or guardian's child in a public school in a contiguous school district because the academic curriculum of the contiguous school district provides substantial educational opportunities for a pupil that are not available to that pupil in the district of residence. The notification shall list the educational opportunities that the parent or guardian believes are necessary for the child and shall describe the manner in which the contiguous district can provide those educational opportunities. The state board of

education shall adopt rules under chapter 17A that define educational opportunity.

A request under this section is for a period not less than four years unless the pupil will graduate within the four-year period. However, if a parent or guardian chooses to reenroll the child in the district of residence, or to enroll the child in another school district, during the four-year period, the parent or guardian shall pay the maximum tuition fee to the district pursuant to section 282.24.

The board of directors of the district of residence shall approve or disapprove the request within thirty days of its receipt. The parent or guardian may appeal the decision of the board under chapter 290. If the parent or guardian appeals to the state board of education, the board of the district of residence must prove to the state board that the conditions listed in the request do not exist and the request of the parent or guardian is not valid.

Following approval of the transfer, the board of the district of residence shall transmit a copy of the form to the contiguous school district. The board of the contiguous school district shall enroll the pupil in a school in the contiguous district for the following school year unless the contiguous district does not have classroom space for the pupil.

The board of directors of the district of residence shall pay to the contiguous school district the lower district cost per pupil of the two districts for that school year. Quarterly payments shall be made to the contiguous district. Notwithstanding section 285.1 relating to transportation of nonresident pupils, the parent or guardian is responsible for transporting the student without reimbursement to and from a point on a regular school bus route of the contiguous district.

A student who attends school in a contiguous school district is not eligible to participate in interscholastic athletic contests and athletic competitions during the first year of enrollment under this section except for an interscholastic sport in which the district of residence and the contiguous school district jointly participate.

Sec. 56. NEW SECTION. 280.18 STUDENT ACHIEVEMENT GOALS.

The board of directors of each school district shall adopt goals to improve student achievement and performance. Student achievement and performance can be measured by measuring the improvement of students' skills in reading, writing, speaking, listening, mathematics, reasoning, studying, and technological literacy.

In order to achieve the goal of improving student achievement and performance on a statewide basis, the board of directors of each school district shall adopt goals that will improve student achievement at each grade level in the skills listed in this section and other skills deemed important by the board. Not later than July 1, 1989, the board of each district shall transmit to the department of education its plans for achieving the goals it has adopted and the periodic assessment that will be used to determine whether its goals have been achieved. The committee appointed by the board under section 280.12 shall advise the board concerning the development of goals, the assessment process to be used, and the measurements to be used.

The periodic assessment used by a school district to determine whether its student achievement goals have been met shall use various measures for determination, of which standardized tests may be one. The board shall ensure that the achievement of goals for a grade level has been assessed at least once during every four-year period.

The board shall file assessment reports with the department of education and shall make copies of these reports available to the residents of the school district.

Sec. 57. Section 280A.25, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 11. Adopt rules prohibiting an area school that does not provide intercollegiate athletics as a part of its program on July 1, 1987 from adding intercollegiate athletics to its program after that date.

Sec. 58. Section 280A.25, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 12. Ensure that area schools that provide intercollegiate athletics as a part of their program comply with section 601A.9.

Sec. 59. Section 282.7, subsection 1, Code 1987, is amended to read as follows:

1. The board of directors of a school district by record action may discontinue any or all of grades seven through twelve and negotiate an agreement for attendance of the pupils enrolled in those grades in the schools of one or more contiguous school districts having accredited school systems. If the board designates more than one contiguous district for attendance of its pupils, the board shall draw boundary lines within the school district for determining the school districts of attendance of the pupils. The portion of a district so designated shall be contiguous to the accredited school district designated for attendance. Only entire grades may be discontinued under this subsection and if a grade is discontinued, all higher grades in that district shall also be discontinued. A school district that has discontinued one or more grades under this subsection has complied with the requirements of section 275.1 relating to the maintenance of kindergarten and twelve grades. A pupil who graduates from another school district under this subsection shall receive a diploma from the receiving district. ~~Tuition shall be paid by the resident district as provided in section 282.74, subsection 2.~~ The boards of directors entering into an

agreement under this section shall provide for sharing the costs and expenses as provided in sections 282.10 through 282.12. The agreement shall provide for transportation and authority and liability of the affected boards.

Sec. 60. NEW SECTION. 282.10 WHOLE GRADE SHARING.

1. Whole grade sharing is a procedure used by school districts whereby all or a substantial portion of the pupils in any grade in two or more school districts share an educational program for all or a substantial portion of a school day under a written agreement pursuant to section 256.13, 280.15, or 282.7, subsection 1. Whole grade sharing may either be one-way or two-way sharing.

2. One-way whole grade sharing occurs when a school district sends pupils to one or more other school districts for instruction and does not receive a substantial number of pupils from those districts in return.

3. Two-way whole grade sharing occurs when a school district sends pupils to one or more other school districts for instruction and receives a substantial number of pupils from those school districts in return.

4. A whole grade sharing agreement shall be signed by the boards of the districts involved in the agreement not later than February 1 of the school year preceding the school year for which the agreement is to take effect.

Sec. 61. NEW SECTION. 282.11 PROCEDURE.

Not less than thirty days prior to signing a whole grade sharing agreement whereby all or a substantial portion of the pupils in a grade in the district will attend school in another district, the board of directors of each school district that is a party to a proposed sharing agreement shall hold a public hearing at which the proposed agreement is described, and at which the parent or guardian of an affected pupil shall have an opportunity to comment on the proposed agreement. Within the thirty-day period prior to the signing

of the agreement, the parent or guardian of an affected pupil may appeal the sending of that pupil to the school district specified in the agreement, to the state board of education. A parent or guardian may appeal on the basis that sending the pupil to school in the district specified in the agreement will not meet the educational program needs of the pupil, or the school in the school district to which the pupil will be sent is not appropriate because consideration was not given to geographical factors. An appeal shall specify a contiguous school district to which the parent or guardian wishes to send the affected pupil. If the parent or guardian appeals, the standard of review of the appeal is clear and convincing evidence that the parent or guardian's hardship outweighs the benefits and integrity of the sharing agreement. The state board may require the district of residence to pay tuition to the contiguous school district specified by the parent or guardian, or may deny the appeal by the parent or guardian. If the state board requires the district of residence to pay tuition to the contiguous school district specified by the parent or guardian, the tuition shall be equal to the tuition established in the sharing agreement. The decision of the state board is binding on the boards of directors of the school districts affected, except that the decision of the state board may be appealed by either party to the district court.

Sec. 62. NEW SECTION. 282.11 FUNDING.

1. An agreement for whole grade sharing shall establish a method for determination of costs, if any, associated with the sharing agreement.
2. For one-way sharing, the sending district shall pay no less than one-half of the district cost per pupil of the sending district.
3. For two-way sharing, the costs shall be determined by mutual agreement of the boards.

4. The number of pupils participating in a whole grade sharing agreement shall be determined on the third Friday of September and third Friday of February of each year.

Sec. 63. Section 282.24, subsection 2, Code 1987, is amended to read as follows:

2. ~~The tuition fee charged by the board of directors for pupils attending school in the district under section 282.77 subsection 17 shall not exceed the actual cost of providing the educational program for either the high school or the junior high school in that district and shall not be less than the maximum tuition rate in that district.~~ For the purpose of this section, high school means a school which commences with either grade nine or grade ten as determined by the board of directors of the district, and junior high school means the remaining grades commencing with grade seven.

Sec. 64. Section 290.1, Code 1987, is amended to read as follows:

290.1 APPEAL TO STATE BOARD.

Any A person aggrieved by any a decision or order of the board of directors of any a school corporation in a matter of law or fact, or a decision or order of a board of directors under section 280.16 may, within thirty days after the rendition of such the decision or the making of such the order, appeal therefrom the decision or order to the state board of education; the basis of the proceedings shall be an affidavit filed with the state board by the party aggrieved within the time for taking the appeal, which affidavit shall set forth any error complained of in a plain and concise manner.

Sec. 65. Section 442.3, Code 1987, is amended by adding the following new unnumbered paragraph after the fourth unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. An eleventh or twelfth grade pupil who is no longer a resident of a school district, but

who was a resident of the district during the preceding school year may enroll in the district and shall be included in the basic enrollment of the district until the pupil graduates. Tuition for that pupil shall not be charged by the district in which the pupil is enrolled.

Sec. 66. Section 442.4. subsection 3 paragraphs a and b, Code 1987, are amended to read as follows:

a. Twenty-five percent of the basic enrollment for the school year beginning July 1, 1979. However, if the basic enrollment of a school district for a budget year is more than fifteen percent higher than the basic enrollment of the district for the base year. the school district's basic enrollment for the budget year shall be used thereafter for the calculation required under this paragraph in lieu of using the basic enrollment for the school year beginning July 1, 1979. However, for the school year beginning July 1, 1989 and each succeeding school year, the twenty-five percent portion shall be reduced to twenty percent.

b. Seventy-five percent of the adjusted enrollment computed under subsection 2, paragraph "a," of this section. However, for the school year beginning July 1, 1989 and each succeeding school year, the seventy-five percent portion shall be increased to eighty percent.

Sec. 67. Section 442.5. subsection 5, Code 1987. is amended to read as follows:

5. For the school year beginning July 1, 1984 and each succeeding school year, if an amount equal to the district cost per pupil for the budget year minus the amount included in the district cost per pupil for the budget year to compensate for the cost of special education support services for a school district for the budget year times the budget enrollment of the school district for the budget year is less than one hundred two percent times an amount equal to the district cost per pupil for the base year minus the amount

included in the district cost per pupil for the base year to compensate for the cost of special education support services for a school district for the base year times the budget enrollment for the school district for the base year. the department of management shall increase the budget enrollment for the school district for the budget year to a number which will provide that one hundred two percent amount. For each of the school years beginning July 1, 1988 and July 1, 1989, the one hundred two percent amount shall be reduced by five-tenths of one percent so that for the school year beginning July 1, 1989 and each succeeding school year, the guarantee amount for the budget year is one hundred one percent times an amount equal to the district cost per pupil for the base year minus the amount included in the district cost per pupil for the base year to compensate for the cost of special education support services for a school district for the base year times the budget enrollment for the school district for the base year.

Sec. 68. Section 442.4, subsection 6, unnumbered paragraph 1, Code 1987, is amended to read as follows:

For the school year beginning July 1, ~~1988~~ 1988, and each subsequent school year, weighted enrollment is the budget enrollment as modified by application of the special education weighting plan in section 281.9, the non-English-speaking weighting plan in section 280.4, and the supplementary weighting plan in this chapter.

Sec. 69. Section 442.14, subsection 1, Code 1987, is amended to read as follows:

1. For the budget year beginning July 1, 1980, and each succeeding school year, if a school board wishes to spend more than the amount permitted under sections 442.1 to 442.13, and the school board has not attempted by resolution to raise an additional enrichment amount for that budget year, the school board may raise an additional enrichment amount not to exceed

ten percent of the state cost per pupil multiplied by the budget enrollment in the district, as provided in this section. For the budget year beginning July 1, 1988 and each succeeding school year, the additional enrichment amount that may be raised is an amount not to exceed fifteen percent of the state cost per pupil multiplied by the budget enrollment in the district. The additional five percent is to provide additional moneys for districts because of budget reductions incurred beginning July 1, 1988 under sections 442.4, subsections 3 and 5.

Sec. 70. Section 442.14, subsection 4, Code 1987, is amended to read as follows:

4. The additional enrichment amount for a district is limited to the amount which may be raised by a combination tax in the prescribed proportion which does not exceed a property tax of one dollar and eight sixty-two cents per thousand dollars of assessed valuation and an income surtax of twenty thirty percent.

Sec. 71. Section 442.15, unnumbered paragraph 3, Code 1987, is amended to read as follows:

An additional enrichment amount authorized under section 442.14 or a lesser amount than the amount so authorized may be continued as provided in this section for a period of five school years. If the amount authorized is less than the maximum of ten fifteen percent of the state cost per pupil and the board wishes to increase the amount, it shall re-establish its authority to do so in the manner provided in section 442.14. If the board wishes to continue any additional enrichment amount beyond the five-year period, it shall re-establish its authority to do so in the manner provided in section 442.14 within the twelve-month period prior to termination of the five-year period.

Sec. 72. Section 442.39, subsection 4, unnumbered paragraph 1, Code 1987, is amended to read as follows:

Pupils enrolled in a school district in which one or more administrators are employed jointly under section 280.15, or in which one or more administrators are employed under section 273.7A, are assigned a weighting of one plus five-hundredths for each administrator who is jointly employed times the percent of the administrator's time in which the administrator is employed in the school district. However, the total additional weighting assigned under this subsection for a budget year for a school district is fifteen and the total additional weighting that may be added cumulatively to the enrollment of school districts sharing an administrator is twenty-five.

Sec. 73. The legislative council is requested to appoint a task force consisting of members of the house and senate committees on education and representatives from various education interest groups and institutions providing approved teacher preparation programs to study the role of teachers in the school district, assistance to teachers to foster the development of effective schools, provision for teachers to assume a more active role in educational planning in a school district, and the requirements for teacher preparation programs for the twenty-first century based upon recent recommendations of national associations and organizations who have studied teaching as a profession.

The task force shall report its recommendations to the general assembly by February 1, 1988.

Sec. 74. The legislative council shall appoint a working committee to conduct a comprehensive study of school finance and make recommendations for a school finance program for Iowa for the 1990's and beyond. The study shall include a review of the present school finance formula, the property tax burden on taxpayers of the various school districts including the property assessment practices prescribed in sections 441.18 through 441.21, and the effect upon the formula of additional

moneys provided to improve teacher salaries as well as a review of the following proposals:

1. Senate File 2298, introduced during the 1986 session of the general assembly.
2. The final report of the excellence in education study committee which met during the 1985 interim.
3. The final report of the property tax issues study committee which met during the 1986 interim.
4. The final report of the state tax reform study committee which met during the 1986 interim.

The working committee appointed by the legislative council shall be composed of members of both political parties and both houses who are members of the committees on education and the committees on ways and means and members who represent the department of education, education interest groups, and other organizations and associations interested in school finance.

The committee shall be staffed by the legislative service bureau and the legislative fiscal bureau. The committee shall begin its deliberations following the adjournment of the 1987 session of the general assembly and shall issue its report of recommendations which shall include a school aid formula to replace the formula within chapter 442, by January 1, 1989.

It is the intent of the general assembly that the general assembly meeting in 1989 shall enact a school aid formula to replace the formula contained in chapter 442 of the Code. The new formula shall take effect for the computations and procedures peeded during the school year beginning July 1, 1990 in order to implement the new formula for the school year beginning July 1, 1991.

Sec. 75. For an appeal filed with the state board of education under chapter 290 between February 18, 1987 and February 20, 1987 relating to a decision of a board of directors of a school district for school district restructuring, the state board of education shall consider all of the following factors:

1. The continuity of the educational program of the district.
2. Cost effectiveness when the restructuring is compared to other alternatives.
3. The quality and physical condition of the school district facilities affected.
4. The past and present student enrollment in the affected area compared to the total past and present student enrollment in the district.
5. Restructuring recommendations of a citizens task force appointed by the board of directors.
6. Transportation changes required because of restructuring and their impact upon participation in student activities.
7. Presence or absence of violations by the board of directors of the school district of rules and guidelines adopted or promulgated by the state board.

Sec. 76. The state board of education shall study the feasibility of enacting permanent legislation that would allow school students residing in school districts to attend school in other school districts and shall report its conclusions to the general assembly not later than January 1, 1988. The state board shall consider, but not be limited to, the conditions under which such a transfer might be made, the requirements for an appeal process by either party, the method and determination of payment, transportation efficiency, and impact on the educational system of the state.

Sec. 77. Iowa Acts, 1986 Session, chapter 1245, section 1499B, is repealed,

Sec. 78. Section 279.34, Code 1987, is repealed.

Sec. 79. Chapter 294A and section 75 of this Act, being deemed of immediate importance, take effect upon their enactment. Sections 27, 54, 59, 60, and 62 of this Act do not apply to sharing agreements signed before the effective date

of those sections. Sections 55 and 68 of this Act take effect for the school year beginning July 1, 1988. Section 280.16, Code 1987, remains in effect for the school year beginning July 1, 1987.

Sec. 80. Chapter 261C, Code 1989, is repealed June 30, 1990.

Sec. 81. Chapter 442, Code 1991, is repealed June 30, 1991.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this **bill** originated in the House and is known as House File 499, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

AN ACT
TO STRIKE THE REPEAL OF THE TAX FOR EQUIPMENT REPLACEMENT AT
THE AREA SCHOOLS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. 1983 Iowa Acts, chapter 180, section 2, is
repealed.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 589, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HF 589

HOUSE FILE 590

AN ACT

RELATING TO THE DECLARATION OF VALUE ON THE TRANSFER OF PROPERTY BY CERTAIN FEDERAL AGENCIES AND INSTRUMENTALITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 428A.1, unnumbered paragraph 2, Code 1987, is amended to read as follows:

At the time each deed, instrument, or writing by which any real property in this state is granted, assigned, transferred, or otherwise conveyed is presented for recording to the county recorder, a declaration of value signed by at least one of the sellers or one of the buyers or their agents shall be submitted to the county recorder. A declaration of value is not required for those instruments described in section 428A.2, subsections 2 to 5, 7 to 13, and 16 to 18, or described in section 428A.2, subsection 6, except in the case of a federal agency or instrumentality, or if a transfer is the result of acquisition of lands, whether by contract or condemnation, for public purposes through an exercise of the power of eminent domain. The declaration of value shall state the full consideration paid for the real property transferred. If agricultural land, as defined in section 172C.1, is purchased by a corporation, limited partnership, trust, alien or nonresident alien, the declaration of value shall include the name and address of the buyer, the name and address of the

seller, a legal description of the agricultural land, and identify the buyer as a corporation, limited partnership, trust, alien, or nonresident alien. The county recorder shall not record the declaration of value, but shall enter on the declaration of value information the director of revenue and finance requires for the production of the sales/assessment ratio study and transmit all declarations of value to the city or county assessor in whose jurisdiction the property is located. The city or county assessor shall enter on the declaration of value the information the director of revenue and finance requires for the production of the sales/assessment ratio study and transmit one copy of each declaration of value to the director of revenue and finance, at times as directed by the director of revenue and finance. The assessor shall retain one copy of each declaration of value for three years from December 31 of the year in which the transfer of realty for which the declaration was filed took place. The director of revenue and finance shall, upon receipt of the information required to be filed under this chapter by the city or county assessor, send to the office of the secretary of state that part of the declaration of value which identifies a corporation, limited partnership, trust, alien, or nonresident alien as a purchaser of agricultural land as defined in section 172C.1.

Sec. 2. Section 428A.4, unnumbered paragraph 2, Code 1987, is amended to read as follows:

The county recorder shall refuse to record any deed, instrument, or writing by which any real property in this state shall be granted, assigned, transferred, or otherwise conveyed, except those transfers exempt from tax under section 428A.2, subsections 2 to 5, and 7 to 13, or under section 428A.2, subsection 6, except in the case of a federal agency or instrumentality, until the declaration of value has been submitted to the county recorder. A declaration of value shall not be required with a deed given in fulfillment of a

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recorded real estate contract provided the deed has a notation that it is given in fulfillment of a contract.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 590, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HOUSE FILE 605

AN ACT

RELATING TO THE STATE SALES, SERVICES, AND USE TAX AND THE LOCAL OPTION HOTEL-MOTEL TAX ON THE RENTAL OF THE MOBILE HOMES AND THE SPACES WITHIN THEM.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.43, subsections 7 and 11, Code 1907, are amended to read as follows:

7. ~~There is hereby imposed a~~ A like rate of tax is imposed upon the gross receipts from the renting of any-and-a% rooms, apartments, or sleeping quarters in any a hotel, motel, inn, public lodging house,, rooming house, mobile home which is tangible personal property, or tourist court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals. "Renting" and "rent" include any kind of direct or indirect charge for such rooms, apartments, or sleeping quarters, or the their use thereof. For the purposes of this division, such renting is regarded as a sale of tangible personal property at retail. However, such this tax ~~shall~~ does not apply to the gross receipts from the renting of a room, apartment, or sleeping quarters while rented by the same person for a period of more than thirty-one consecutive days.

11. The following enumerated services are subject to the tax imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment counseling, excluding investment services

of trust departments; bank service charges; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical and electronic repair and installation; rental of tangible personal property, except mobile homes which are tangible personal property; excavating and grading; farm implement repair of all kinds; flying service; furniture. rug, upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; house and building moving; household appliance, television, and radio repair: jewelry and watch repair; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking facilities; pipe fitting and plumbing; wood preparation; licensed executive search agencies; private employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; sewing and stitching; shoe repair and shoeshine; storage warehousing of raw agricultural products; telephone answering service; test laboratories, except tests on humans; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; weighing; welding: well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing; cable television; campgrounds; carpet and upholstery cleaning; gun and camera repair; janitorial and building maintenance or cleaning; lawn care, landscaping and tree trimming and removal; lobbying service; pet grooming; reflexology; security and detective services; tanning beds or salons; and water conditioning and softening.

PARAGRAPH DIVIDED. For purposes of this subsection. gross taxable services from rental includes rents, royalties, and

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copyright and license fees. For purposes of this subsection, "lobbying service" means the rendering, furnishing or performing, for a fee, salary or other compensation, activities which are intended or used for the purpose of encouraging the passage, defeat, or modification of legislation or for influencing the decision of the members of a legislative committee or subcommittee or the representing, for a fee, salary or other compensation, on a regular basis an organization which has as one of its purposes the encouragement of the passage, defeat or modification of legislation or the influencing of the decision of the members of a legislative committee or a subcommittee. "Lobbying service" does not include the activities of a federal, state, or local government official or employee acting within the course of the official's or employee's duties or a representative of the news media engaged only in the reporting and dissemination of news and editorials.

Sec. 2. Section 422A.1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

A city or county may impose by ordinance of the city council or by resolution of the board of supervisors a hotel and motel tax, at a rate not to exceed seven percent, which shall be imposed in increments of one or more full percentage points upon the gross receipts from the renting of any-and-aft sleeping rooms, apartments, or sleeping quarters in any a hotel, motel, inn, public lodging house, rooming house, mobile home which is tangible personal property, or tourist court, or in any place where sleeping accommodations are furnished to transient guests for rent, whether with or without meals; except the gross receipts from the renting of sleeping rooms in dormitories and in memorial unions at all universities and colleges located in the state of Iowa. The tax when imposed by a city shall apply only within the corporate boundaries of that city and when imposed by a county shall apply only outside incorporated areas within that county. "Renting" and

"rent" include any kind of direct or indirect charge for such sleeping rooms, apartments, or sleeping quarters, or the their use thereof. However, such the tax shall does not apply to the gross receipts from the renting of a sleeping room, apartment, or sleeping quarters while rented by the same person for a period of more than thirty-one consecutive days.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 605, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HOUSE FILE 626

AN ACT

RELATING TO AGRICULTURE, BY EXPANDING CERTAIN DEFINITIONS, PROVIDING REQUIREMENTS FOR CERTAIN FARMERS TO PARTICIPATE IN CERTAIN PROGRAMS, PROVIDING PROGRAMS TO ASSIST ELIGIBLE BEEF CATTLE PRODUCERS. MAINTAINING CERTAIN TAX CREDITS TO SCHOOL DISTRICTS. PROVIDING FOR CERTAIN TAX EXEMPTIONS, PROVIDING REFUNDS FOR CLAIMS RELATED TO DAIRY OR LIVESTOCK IMPLEMENTS, EQUIPMENT OR MACHINERY, PROVIDING FOR A PROPERTY TAX EXEMPTION FOR CERTAIN CATTLE FACILITIES, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

Section 1. Section 175.2, subsection 3, Code 1987, is amended to read as follows:

3. "Agricultural producer" means a person engaged or intending to engage in the business of producing and marketing agricultural produce in this state.

Sec. 2. Section 175.4, Code 1987, is amended by adding the following new subsections:

. NEW SUBSECTION. 19. The decline in the number of beef cattle production operations is a serious problem within the state, resulting in the conversion of land used for pasture to row crop production, which threatens to destroy a significant part of Iowa's agricultural base and damage the economic viability of the state.

NEW SUBSECTION. 20. It is necessary to create a program in this state to assist agricultural producers who have established or intend to establish beef cattle production operations, to obtain adequate financing, and management assistance and training, and to convert land used for row crop production to pasture.

Sec. 3. Section 175.35, subsection 3, Code 1987, is amended by adding the following new paragraphs:

NEW PARAGRAPH. g. The farmer has a net worth of not more than two hundred thousand dollars.

NEW PARAGRAPH. h. The farmer develops a farm unit conservation plan, as defined in section 467A.42, with the commissioners of the soil conservation district where the land is located within one year from the date of entering into the program, unless the authority prescribes a shorter period by rule.

Sec. 4. NEW SECTION. 175.36 ASSISTANCE AND MANAGEMENT PROGRAMS FOR BEEF CATTLE PRODUCERS.

1. The authority shall create and develop programs to assist agricultural producers who have established or intend to establish in this state, beef cattle production operations, including but not limited to the following assistance:

a. INSURANCE OR LOAN GUARANTEE PROGRAM. An insurance or loan guarantee program to provide for the insuring or guaranteeing of all or part of a loan made to an agricultural producer for the acquisition of beef cattle to establish or expand a feeder cattle operation.

b. AN INTEREST BUY-DOWN PROGRAM. The authority may contract with a participating lending institution and a qualified agricultural producer to reduce the interest rate charged on a loan for the acquisition of beef cattle breeding stock. The authority shall determine the amount that the rate is reduced, by considering the lending institution's customary loan rate for the acquisition of beef cattle breeding stock as certified to the authority by the lending institution.

As part of the contract, in order to partially reimburse the lending institution for the reduction of the interest rate on the loan, the authority may agree to grant the lending institution any amount foregone by reducing the interest rate on that portion of the loan which is one hundred thousand dollars or less. However, the amount reimbursed shall not be more than the lesser of the following:

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(1) Three percent per annum of the principal balance of the loan outstanding at any time for the term of the loan or within one year from the loan initiation date as defined by rules adopted by the authority, whichever is less.

(2) Fifty percent of the amount of interest foregone by the lending institution on the loan.

c. A COST-SHARING PROGRAM. The authority may contract with an agricultural producer to reimburse the producer for the cost of converting land planted to row crops to pasture suitable for beef cattle production. However, the amount reimbursed shall not be more than twenty-five dollars per acre converted, or fifty percent of the conversion costs, whichever is less. The contract shall apply to not more than one hundred fifty acres of row crop land converted to pasture. The converted land shall be utilized in beef cattle production for a minimum of five years. The amount to be reimbursed shall be reduced by the amount that the agricultural producer receives under any other state or federal program that contributes toward the cost of converting the same land from row crops to pasture.

d. A MANAGEMENT ASSISTANCE AND TRAINING PROGRAM. The authority in cooperation with any agency or instrumentality of the federal government or with any state agency, including any state university or those associations organized for the purpose of assisting agricultural producers involved in beef cattle production, or with any farm management company if such company specializes in beef cattle production or in assisting beef cattle producers, as prescribed by rules adopted by the authority, shall establish programs to train and assist agricultural producers to effectively manage beef cattle production operations.

2. An agricultural producer shall be eligible to participate in a program established under this section only if all the following criteria are satisfied:

a. The agricultural producer is a resident of the state.

b. The agricultural producer has land or other facilities available to establish a beef cattle production operation as prescribed by rules of the authority.

c. The agricultural producer is an individual, partnership, or a family farm corporation, as defined in section 172C.1, subsection 8.

d. The land or other facilities available to establish a beef cattle production operation are located within the state.

e. The agricultural producer has a net worth of four hundred thousand dollars or less.

f. The agricultural producer develops a farm unit conservation plan, as defined in section 467A.42, with the commissioners of the soil conservation district where the land is located within one year from the date of entering into the program, unless the authority prescribes a shorter period of time by rule.

3. The authority shall adopt rules to enforce the provisions of this section or the terms of a contract to which the authority is a party. The authority may also enforce the provisions of this section or terms of the contract by bringing an action in any court of competent jurisdiction to recover damages. As a condition of entering into the program, the authority may require that the agricultural producer consent to the jurisdiction of the courts of this state to hear any matter arising from the provisions of this section.

DIVISION II

Sec. 5. Section 331.429, subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. Transfers from the general fund not to exceed in any year the dollar equivalent of a tax of sixteen and seven-eighths cents per thousand dollars of assessed value on all taxable property in the county and an amount equivalent to the moneys derived by the general fund from fireoak-tax-credits under ~~section 427.17~~, military service tax credits under chapter 426A, and mobile home taxes under section 135D.22 multiplied by the ratio of sixteen and seven-eighths cents to the general fund tax rate.

Sec. 6. Section 427.17, subsections 2 through 5, Code 1987, are amended to read as follows:

2. A tax credit shall be allowed each taxing school district in the state for each head of livestock that was assessed as of January 1, 1973. The tax credit shall ~~commence and be effective for the tax year 1974 and each year~~ thereafter be based upon the livestock assessed as of January 1, 1973.

3. On or before January 15, 1974, the county auditor of each county shall prepare a statement listing for each taxing district in the county the assessed or taxable values of all livestock assessed for taxation as of January 1, 1973. The statement shall also show the tax rates of the various taxing districts and the total amount of taxes which in the absence of this section would have been levied upon livestock assessed as of January 1, 1973. The county auditor shall certify and forward copies of the statement to the director of revenue and finance not later than January 15, 1974, The For the taxes payable for fiscal year 1987 and for subsequent fiscal years, the director of revenue and finance shall compute the applicable tax credit and the amount due to each taxing school district, which amount shall be the dollar amount which would be payable if all livestock so assessed were taxed, based upon those assessed as of January 1, 1973.

4. The amounts due each taxing school district shall be paid on warrants payable to the respective county treasurers by the director of revenue and finance on July 15 of each year. The county treasurer shall apportion the proceeds to the various taxing school districts in the county.

5. In the event that the amount appropriated for reimbursement of the taxing school districts is insufficient to pay in full the amounts due to each of the taxing school districts, then the amount of each payment shall be reduced by the director of revenue and finance according to the ratio that the total amount of funds to be paid to each taxing school district bears to the total amount to be paid to all taxing school districts in the state.

DIVISION III

Sec. 7. Section 422.42. subsection 3, Code 1987, is amended to read as follows:

3. *Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing, for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services; and includes the sale of gas, electricity, water, and communication service to retail consumers or users; but does not include agricultural breeding livestock and domesticated fowls-or; and does not include commercial fertilizer, agricultural limestone, or herbicide, pesticide, insecticide, food, and medication, and. or agricultural drain tile and, including installation thereof of agricultural drain tile, any of which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market; and does not include electricity, steam, or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but not limited to, treatment of material to change its form, context, or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or

germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or will be consumed as fuel in creating heat, power, or steam for processing including grain drying, or for providing heat or cooling for livestock buildings, or for generating electric current, or be-consumed in self-propelled implements of husbandry engaged in agricultural production, or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption.

Sec. 8. Section 422.45, Code 1907. is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale, furnishing, or service of gas, electricity, water, or heat to be used in implements of husbandry engaged in agricultural production.

DIVISION IV

Sec. 9. NEW SECTION. 422.47C REFUNDS -- AGRICULTURAL IMPLEMENTS, MACHINERY OR EQUIPMENT.

1. Sales, services, and use taxes paid on repairs to implements or on the purchase or rental of farm machinery or equipment, including replacement parts which are depreciable for state and Federal income tax purposes, shall be refunded to the owner, purchaser, or renter provided all of the following conditions are met:

a. The repairs, purchase, or rental was made on or after July 1, 1987.

b. The tax was paid to the retailer or timely paid to the department by the user if section 423.14 is applicable.

c. The claim is filed on forms provided by the department and is filed between July 1 and September 1 for the previous calendar year.

d. The implements, machinery or equipment is directly and primarily used in livestock or dairy production.

e. The implement is not a self-propelled implement or an implement customarily drawn or attached to a self-propelled implement, and the machinery or equipment is not a grain dryer, subject to an exemption under section 422.45.

2. A claim for refund timely filed under subsection 1 shall be paid by the department within ninety days after the last date a claim may be filed under this section. The department of revenue and finance shall not in any calendar year pay more than three million eight hundred thousand dollars in claims for refunds filed pursuant to this section. If the department determines that the amount of claims is greater than the amount of moneys available to fully satisfy all claims, the refunds shall be paid on a prorated basis. A claimant who makes an erroneous application for refund shall be liable for payment of any refund paid plus interest at the rate in effect under section 421.7. In addition, a claimant who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the refund claimed. Refunds, penalties, and interest due under this section may be enforced and collected in the same manner as the tax imposed by this division.

DIVISION V

Sec. 10. NEW SECTION. 4278.7 ACTUAL VALUE ADDED EXEMPTION FROM TAX -- CATTLE FACILITIES.

a city council, or a county board of supervisors as authorized by section 4278.2, may, by ordinance as provided in section 427B.1, establish a partial exemption from property taxation of the actual value added to owner-operated cattle facilities, including small or medium sized feedlots but not including slaughter facilities, either by new construction or by the retrofitting of existing facilities. The application for the exemption shall be filed pursuant to section 4278.4. The actual value added to owner-operated cattle facilities, as specified in section 4278.1, is eligible to receive a partial exemption from taxation for a period of five years. The

amount of actual value added which is eligible to be exempt from taxation is the same as provided in the exemption schedule in section 427B.3.

DIVISION VI

Sec. 11. ASSISTANCE PROGRAMS -- FUNDING. The Iowa agricultural development authority shall develop and establish assistance programs for agricultural producers under this Act to be funded from moneys appropriated to the Iowa agricultural development authority for that purpose.

Sec. 12. EFFECTIVE DATE. Division I of this Act, being deemed of immediate importance, takes effect upon enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 626, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

HF 626

TERRY E. BRANSTAD
Governor

HOUSE FILE 631

AN ACT

RELATING TO PUBLIC HEALTH AND SAFETY BY ESTABLISHING MEASURES TO IMPROVE AND PROTECT GROUNDWATER QUALITY AND TO MANAGE SUBSTANCES WHICH POSE HEALTH AND SAFETY HAZARDS, BY ESTABLISHING GOALS, POLICIES, FUNDING MECHANISMS, INCLUDING TAXES AND FEES, AND ADMINISTRATIVE PROVISIONS FOR THE MEASURES, BY ESTABLISHING PROGRAMS RELATING TO THE MANAGEMENT OF AGRICULTURAL ACTIVITIES, SOLID WASTE DISPOSAL, HOUSEHOLD HAZARDOUS WASTES, STORAGE TANKS, FERTILIZERS, PESTICIDES, LANDFILLS, AND WATERSHEDS, BY PROVIDING PENALTIES, ESTABLISHING EFFECTIVE DATES, MAKING APPROPRIATIONS, AND BY PROVIDING FOR OTHER PROPERLY RELATED MATTERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

PART ONE -- GENERAL PROVISIONS

Chapter 455E

GROUNDWATER PROTECTION

Section 101. NEW SECTION. 455E.1 TITLE.

This chapter shall be known and may be cited as the "Groundwater Protection Act".

Sec. 102. NEW SECTION. 455E.2 DEFINITIONS.

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

1. "Groundwater" means any water of the state, as defined in section 455B.171, which occurs beneath the surface of the earth in a saturated geological formation of rock or soil.

2. "Department" means the department of natural resources created under section 455A.2.

3. "Director" means the director of the department.

4. "Commission" means the environmental protection commission created under section 455A.6.

5. "Contamination" means the direct or indirect introduction into groundwater of any contaminant caused in whole or in part by human activities.

6. "Contaminant" means any chemical, ion, radionuclide, synthetic organic compound, microorganism, waste, or other substance which does not occur naturally in groundwater or which naturally occurs at a lower concentration.

7. "Active cleanup" means removal, treatment, or isolation of a contaminant from groundwater through the directed efforts of humans,

8. "Passive cleanup" means the removal or treatment of a contaminant in groundwater through management practices or the construction of barriers, trenches, and other similar facilities for prevention of contamination, as well as the use of natural processes such as groundwater recharge, natural decay, and chemical or biological decomposition.

Sec. 103. NEW SECTION. 455E.3 FINDINGS.

The general assembly finds that:

1. Groundwater is a precious and vulnerable natural resource. The vast majority of persons in the state depend on groundwater as a drinking water source. Agriculture, commerce, and industry also depend heavily on groundwater. Historically, the majority of Iowa's groundwater has been usable for these purposes without treatment. Protection of groundwater is essential to the health, welfare, and economic prosperity of all citizens of the state.

2. Many activities of humans, including the manufacturing, storing, handling, and application to land of pesticides and fertilizers; the disposal of solid and hazardous wastes; the

storing and handling of hazardous substances; and the improper construction and the abandonment of wells and septic systems have resulted in groundwater contamination throughout the state.

3. Knowledge of the health effects of contaminants varies greatly. The long-term detriment to human health from synthetic organic compounds in particular is largely unknown but is of concern.

4. Any detectable quantity of a synthetic organic compound in groundwater is unnatural and undesirable.

5. The movement of groundwater, and the movement of contaminants in groundwater, is often difficult to ascertain or control. Decontamination is difficult and expensive to accomplish. Therefore, preventing contamination of groundwater is of paramount importance.

Sec. 104. NEW SECTION. 455E.4 GROUNDWATER PROTECTION GOAL.

The intent of the state is to prevent contamination of groundwater from point and nonpoint sources of contamination to the maximum extent practical, and if necessary to restore the groundwater to a potable state, regardless of present condition, use, or characteristics.

Sec. 105. NEW SECTION. 455E.5 GROUNDWATER PROTECTION POLICIES.

1. It is the policy of the state to prevent further contamination of groundwater from any source to the maximum extent practical.

2. The discovery of any groundwater contamination shall require appropriate actions to prevent further contamination. These actions may consist of investigation and evaluation or enforcement actions if necessary to stop further contamination as required under chapter 4553.

3. All persons in the state have the right to have their lawful use of groundwater unimpaired by the activities of any person which render the water unsafe or unpotable.

4. All persons in the state have the duty to conduct their activities so as to prevent the release of contaminants into groundwater.

5. Documentation of any contaminant which presents a significant risk to human health, the environment, or the quality of life shall result in either passive or active cleanup. In both cases, the best technology available or best management practices shall be utilized. The department shall adopt rules which specify the general guidelines for determining the cleanup actions necessary to meet the goals of the state and the general procedures for determining the parties responsible by July 1, 1989. Until the rules are adopted, the absence of rules shall not be raised as a defense to an order to clean up a source of contamination.

6. Adopting health-related groundwater standards may be of benefit in the overall groundwater protection or other regulatory efforts of the state. However, the existence of such standards, or lack of them, shall not be construed or utilized in derogation of the groundwater protection goal and protection policies of the state.

7. The department shall take actions necessary to promote and assure public confidence and public awareness. In pursuing this goal, the department shall make public the results of groundwater investigations.

8. Education of the people of the state is necessary to preserve and restore groundwater quality. The content of this groundwater protection education must assign obligations, call for sacrifice, and change some current values. Educational efforts should strive to establish a conservation ethic among Iowans and should encourage each Iowan to go beyond enlightened self-interest in the protection of groundwater quality.

Sec. 106. NEW SECTION. 455E.6 LEGAL EFFECTS.

This chapter supplements other legal authority and shall not enlarge, restrict, or abrogate any remedy which any person or class of persons may have under other statutory or common law and which serves the purpose of groundwater protection.

An activity that does not violate chapter 4558 does not violate this chapter. In the event of a conflict between this section and another provision of this chapter, it is the intent of the general assembly that this section prevails.

Liability shall not be imposed upon an agricultural producer for the costs of active cleanup, or for any damages associated with or resulting from the detection in the groundwater of any quantity of nitrates provided that application has been in compliance with soil test results and that the applicator has properly complied with label instructions for application of the fertilizer. Compliance with the above provisions may be raised as an affirmative defense by an agricultural producer.

Liability shall not be imposed upon an agricultural producer for costs of active cleanup, or for any damages associated with or resulting from the detection in the Groundwater of pesticide provided that the applicator has properly complied with label instructions for application of the pesticide and that the applicator has a valid appropriate applicator's license. Compliance with the above provisions may be raised as an affirmative defense by an agricultural producer.

Sec. 107. NEW SECTION. 455E.7 PRIMARY ADMINISTRATIVE AGENCY.

The department is designated as the agency to coordinate and administer groundwater protection programs for the state.

Sec. 108. NEW SECTION. 455E.8 POWERS AND DUTIES OF THE DIRECTOR.

In addition to other groundwater protection duties, the director, in cooperation with soil district commissioners and with other state and local agencies, shall:

1. Develop and administer a comprehensive groundwater monitoring network, including point of use, point of contamination, and problem assessment monitoring sites across the state, and the assessment of ambient groundwater quality.

2. Include in the annual report required by section 455A.4, the number and concentration of contaminants detected in groundwater. This information shall also be provided to the director of public health and the secretary of agriculture.

3. Report any data concerning the contamination of groundwater by a contaminant not regulated under the federal Safe Drinking Water Act, 42 U.S.C. § 300(f) et seq. to the United States environmental protection agency along with a request to establish a maximum contaminant level and to conduct a risk assessment for the contaminant.

4. Complete groundwater hazard mapping of the state and make the results available to state and local planning organizations by July 1, 1991.

5. Establish a system or systems within the department for collecting, evaluating, and disseminating groundwater quality data and information.

6. Develop and maintain a natural resource geographic information system and comprehensive water resource data system. The system shall be accessible to the public.

7. Develop and adopt by administrative rule, criteria for evaluating groundwater protection programs by July 1, 1988.

8. Take any action authorized by law, including the investigatory and enforcement actions authorized by chapter 4558, to implement the provisions of this chapter and the rules adopted pursuant to this chapter.

9. Disseminate data and information, relative to this chapter, to the public to the greatest extent practical.

10. Develop a program, in consultation with the department of education and the department of environmental education of

the University of Northern Iowa, regarding water quality issues which shall be included in the minimum program required in grades seven and eight pursuant to section 256.11, subsection 4.

Sec. 109. NEW SECTION. 455E.9 POWERS AND DUTIES OF THE COMMISSION.

1. The commission shall adopt rules to implement this chapter.

2. When groundwater standards are proposed by the commission, all available information to develop the standards shall be considered, including federal regulations and all relevant information gathered from other sources. A public hearing shall be held in each congressional district prior to the submittal of a report on standards to the general assembly. This report on how groundwater standards may be a part of a groundwater protection program shall be submitted by the department to the general assembly for its consideration by January 1, 1989.

Sec. 110. N M SECTION. 455E.10 JOINT DUTIES -- LOCAL AUTHORITY.

1. All state agencies shall consider groundwater protection policies in the administration of their programs. Local agencies shall consider groundwater protection policies in their programs. All agencies shall cooperate with the department in disseminating public information and education materials concerning the use and protection of groundwater, in collecting groundwater management data, and in conducting research on technologies to prevent or remedy contamination of groundwater.

2. Political subdivisions are authorized and encouraged to implement groundwater protection policies within their respective jurisdictions, provided that implementation is at least as stringent but consistent with the rules of the department.

Sec. 111. NEW SECTION. 455E.11 GROUNDWATER PROTECTION FUND ESTABLISHED.

1. A groundwater protection fund is created in the state treasury. Moneys received from sources designated for purposes related to groundwater monitoring and groundwater quality standards shall be deposited in the fund. Notwithstanding section 8.33, any unexpended balances in the groundwater protection fund and in any of the accounts within the groundwater protection fund at the end of each fiscal year shall be retained in the fund and the respective accounts within the fund. The fund may be used for the purposes established for each account within the fund.

The director shall include in the departmental budget prepared pursuant to section 455A.4, subsection 1, paragraph "c", a proposal for the use of groundwater protection fund moneys, and a report of the uses of the groundwater protection fund moneys appropriated in the previous fiscal year.

The secretary of agriculture shall submit with the report prepared pursuant to section 17.3 a proposal for the use of groundwater protection fund moneys, and a report of the uses of the groundwater protection fund moneys appropriated in the previous fiscal year.

2. The following accounts are created within the groundwater protection fund:

a. A solid waste account. Moneys received from the tonnage fee imposed under section 455B.310 and from other sources designated for environmental protection purposes in relation to sanitary disposal projects shall be deposited in the solid waste account.

The department shall use the funds in the account for the following purposes:

(1) The first fifty cents per ton of funds received from the tonnage fee imposed under section 455B.310 for the fiscal year beginning July 1, 1988 and ending June 30, 1989, shall be used for the following:

(a) Six cents per ton of the amount allocated under this subparagraph is appropriated to the waste management authority within the department of natural resources.

(b) Fourteen cents per ton of the amount allocated under this subparagraph is appropriated to the University of Northern Iowa to develop and maintain the small business assistance center for the safe and economic management of solid waste and hazardous substances established at the University of Northern Iowa.

(c) Eight thousand dollars of the amount allocated under this subparagraph is appropriated to the Iowa department of public health for carrying out the departmental duties pursuant to section 135.11, subsections 20 and 21, and section 139.35.

(d) The remainder of the amount allocated under this subparagraph is appropriated to the department of natural resources for the following purposes:

(i) The development of guidelines for groundwater monitoring at sanitary disposal projects as defined in section 455B.301, subsection 3.

(ii) Abatement and cleanup of threats to the public health, safety, and the environment resulting from a sanitary landfill if an owner or operator of the landfill is unable to facilitate the abatement or cleanup. However, not more than ten percent of the total funds allocated under this subparagraph may be used for this purpose without legislative authorization.

(2) An additional fifty cents per ton from the fees imposed under section 4558.310 for the fiscal year beginning July 1, 1988 and ending June 30, 1989 shall be used by the department to develop and implement demonstration projects for landfill alternatives to solid waste disposal including recycling programs.

(3) The additional fifty cents per ton collected from the fee imposed under section 4558.310 for the fiscal year beginning July 1, 1988 and ending June 30, 1989 may be retained by the agency making the payments to the state provided that a separate account is established for these funds and that they are used in accordance with the requirements of section 4558.306.

(4) The first fifty cents per ton of funds received from the tonnage fee imposed under section 4558.310 for the fiscal year beginning July 1, 1989 and ending June 30, 1990, shall be used for the following:

(a) Six cents per ton of the amount allocated under this subparagraph is appropriated to the waste management authority within the department of natural resources.

(b) Fourteen cents per ton of the amount allocated under this subparagraph is appropriated to the University of Northern Iowa to develop and maintain the small business assistance center for the safe and economic management of solid waste and hazardous substances established at the University of Northern Iowa.

(c) Eight thousand dollars of the amount allocated under this subparagraph is appropriated to the Iowa department of public health for carrying out the departmental duties pursuant to section 135.11, subsections 20 and 21, and section 139.35.

(d) The remainder of the amount allocated under this subparagraph is appropriated to the department of natural resources for the following purposes:

(i) The development of guidelines for groundwater monitoring at sanitary disposal projects as defined in section 4558.301, subsection 3.

(ii) Abatement and cleanup of threats to the public health, safety, and the environment resulting from a sanitary landfill if an owner or operator of the landfill is unable to

facilitate the abatement or cleanup. However, **not** more than ten percent of the total funds allocated under this subparagraph may be used for this purpose without legislative authorization.

(5) One dollar per ton from the fees imposed under section 4558.310 for the fiscal year beginning July 1, 1989 and ending June 30, 1990 shall be used by the department to develop and implement demonstration projects for landfill alternatives to solid waste disposal including recycling programs.

(6) The additional fifty cents per ton collected from the fee imposed under section 4558.310 for the fiscal year beginning July 1, 1989 and ending June 30, 1990 **may be** retained by the agency making the payments to the state provided that a separate account is established for these funds and that they are used in accordance with the requirements of section 4558.306.

(7) The first **fifty** cents per ton of funds received from the tonnage fee imposed for the fiscal year beginning July 1, 1990 and thereafter shall be used for the following:

(a) Fourteen cents per ton of the amount allocated under this subparagraph is appropriated to the University of Northern Iowa to develop and maintain the small business assistance center for the safe and economic management of solid waste and hazardous substances established at the University of Northern Iowa.

(b) Eight thousand dollars of the amount allocated under this subparagraph is appropriated to the Iowa department of public health for carrying out the departmental duties pursuant to section 135.11, subsections 20 and 21, and section 139.35.

(c) The administration and enforcement of a groundwater monitoring program and other required programs which are related to solid waste management.

(d) The development of guidelines for groundwater monitoring at **sanitary** disposal projects as defined in section 4558.301, subsection 3.

(e) **Abatement** and cleanup of threats to the public health, safety, and the environment resulting **from** a sanitary landfill if an owner or operator of the landfill is unable to **facilitate** the abatement or cleanup. However, not more than ten percent of the total funds allocated under this subparagraph may be used for this purpose without legislative authorization.

(8) One dollar per ton from the fees imposed under section 4558.310 for the fiscal year beginning July 1, 1990 and thereafter shall be used by the department to develop and implement demonstration projects for **landfill** alternatives to solid waste disposal including recycling programs.

(9) Each **additional fifty** cents per ton per year of funds received from the tonnage fee for the fiscal period beginning July 1, 1990 and thereafter is allocated for the following purposes:

(a) Thirty-five cents per ton per year shall be allocated to the **department of** natural resources for the following purposes:

(i) Twenty-five cents per ton per year shall be used to develop and implement demonstration projects for landfill **alternatives** to solid waste disposal including recycling programs.

(ii) No more than ten cents of the thirty-five cents per year may be used for the administration of a groundwater monitoring program and other required programs which are related to solid waste management, if the amount of funds generated for administrative costs in this fiscal period is less than the amount generated for the costs in the fiscal year beginning July 1, 1988.

(b) Fifteen cents per ton per year shall be allocated to local agencies for use as provided by law.

(10) Cities, counties, and private agencies subject to fees imposed under section 455B.310 may use the funds collected in accordance with the provisions of this section and the conditions of this subsection. The funds used from the account may only be used for any of the following purposes:

(a) Development and implementation of an approved comprehensive plan.

(b) Development of a closure or postclosure plan.

(c) Development of a plan for the control and treatment of leachate which may include a facility plan or detailed plans and specifications.

(d) Preparation of a financial plan, but these funds may not be used to actually contribute to any fund created to satisfy financial requirements, or to contribute to the purchase of any instrument to meet this need.

On January 1 of the year following the first year in which the funds from the account are used, and annually thereafter, the agency shall report to the department as to the amount of the funds used, the exact nature of the use of the funds, and the projects completed. The report shall include an audit report which states that the funds were, in fact, used entirely for purposes authorized under this subsection.

(11) If moneys appropriated to the portion of the solid waste account to be used for the administration of groundwater monitoring programs and other required programs that are related to solid waste management remain unused at the end of any fiscal year, the moneys remaining shall be allocated to the portion of the account used for abatement and cleanup of threats to the public health, safety, and the environment, resulting from sanitary landfills. If the balance of the moneys in the portion of the account used for abatement and

cleanup exceeds three million dollars, the moneys in excess shall be used to fund the development and implementation of demonstration projects for landfill alternatives to solid waste disposal including recycling.

The agriculture management account shall be used for the following purposes:

(1) Nine thousand dollars of the account is appropriated to the Iowa department of public health for carrying out the departmental duties under section 135.11, subsections 20 and 21, and section 139.35.

(2) Of the remaining moneys in the account:

(a) Thirty-five percent is appropriated annually for the Leopold center for sustainable agriculture at Iowa State University of science and technology.

(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 twenty-three 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 twelve 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.

(c) The department shall allocate a sum not to exceed seventy-nine thousand dollars of the moneys appropriated for the fiscal year beginning July 1, 1987, and ending June 30, 1988 for the preparation of a detailed report and plan for the establishment on July 1, 1988 of the center for health effects

of environmental contamination. The plan for establishing the center shall be presented to the general assembly on or before January 15, 1988. The report shall include the assemblage of all existing data relating to Iowa drinking water supplies, including characteristics of source, treatment, presence of contaminants, precise location, and usage patterns to facilitate data retrieval and use in research; and detailed organizational plans, research objectives, and budget projections for the anticipated functions of the center in subsequent years. The department may allocate annually a sum not to exceed nine percent of the moneys appropriated to the center, beginning July 1, 1988.

(d) Thirteen percent of the moneys is appropriated annually to the department of agriculture and land stewardship for financial incentive programs related to agricultural drainage wells and sinkholes, for studies and administrative costs relating to sinkholes and agricultural drainage wells programs, and not more than two hundred thousand dollars of the moneys is appropriated for the demonstration projects regarding agricultural drainage wells and sinkholes. Of the thirteen percent allocated for financial incentive programs, not more than fifty thousand dollars is appropriated for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the department of natural resources for grants to county conservation boards for the development and implementation of projects regarding alternative practices in the remediation of noxious weed or other vegetation within highway rights-of-way.

(e) A household hazardous waste account. The moneys collected pursuant to section 455F.7 shall be deposited 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, 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.

(f) A storage tank management account. All fees collected pursuant to section 4558.473, subsection 4, and section 4558.479, shall be deposited in the storage tank management account. Funds shall be expended for the following purposes:

(1) One 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.

(2) Seventy percent of the moneys deposited in the account annually are appropriated to the department of natural resources for the administration of a state storage tank program pursuant to chapter 455B, division IV, part 8, and for programs which reduce the potential for harm to the environment and the public health from storage tanks.

(3) For the fiscal year beginning July 1, 1987, and ending June 30, 1988, twenty-five thousand dollars is appropriated from the account to the division of insurance for payment of costs incurred in the establishment of the plan of operations program regarding the financial responsibility of owners and operators of underground storage tanks which store petroleum.

(4) The remaining funds in the account are appropriated annually to the department of natural resources for the funding of state remedial cleanup efforts.

(g) An oil overcharge account. The oil overcharge moneys distributed by the United States department of energy, and approved for the energy related components of the groundwater protection strategy available through the energy conservation trust fund created in section 93.11, shall be deposited in the oil overcharge account as appropriated by the general assembly. The oil overcharge account shall be used for the following purposes:

(1) The following amounts are appropriated to the department of natural resources to implement its responsibilities pursuant to section 455E.8:

(a) For the fiscal year beginning July 1, 1987 and ending June 30, 1988, eight hundred sixty thousand dollars is appropriated.

(b) For the fiscal year beginning July 1, 1988 and ending June 30, 1989, six hundred fifty thousand dollars is appropriated.

(c) For the fiscal year beginning July 1, 1989 and ending June 30, 1990, six hundred thousand dollars is appropriated.

(d) For the fiscal year beginning July 1, 1990 and ending June 30, 1991, five hundred thousand dollars is appropriated.

(e) For the fiscal year beginning July 1, 1991 and ending June 30, 1992, five hundred thousand dollars is appropriated.

(2) For the fiscal year beginning July 1, 1987 and ending June 30, 1988, five hundred sixty thousand dollars is appropriated to the department of natural resources for assessing rural, private water supply quality.

(3) For the fiscal period beginning July 1, 1987 and ending June 30, 1989, one hundred thousand dollars is appropriated annually to the department of natural resources for the administration of a groundwater monitoring program at sanitary landfills.

(4) The following amounts are appropriated to the Iowa state water resources research institute to provide

competitive grants to colleges, universities, and private institutions within the state for the development of research and education programs regarding alternative disposal methods and groundwater protection:

(a) For the fiscal year beginning July 1, 1987 and ending June 30, 1988, one hundred twenty thousand dollars is appropriated.

(b) For the fiscal year beginning July 1, 1988 and ending June 30, 1989, one hundred thousand dollars is appropriated.

(c) For the fiscal year beginning July 1, 1989 and ending June 30, 1990, one hundred thousand dollars is appropriated.

(5) The following amounts are appropriated to the department of natural resources to develop and implement demonstration projects for landfill alternatives to solid waste disposal, including recycling programs:

(a) For the fiscal year beginning July 1, 1987 and ending June 30, 1988, seven hundred sixty thousand dollars is appropriated.

(b) For the fiscal year beginning July 1, 1988 and ending June 30, 1989, eight hundred fifty thousand dollars is appropriated.

(6) For the fiscal period beginning July 1, 1987 and ending June 30, 1988, eight hundred thousand dollars is appropriated to the Leopold center for sustainable agriculture.

(7) Seven million five hundred thousand dollars is appropriated to the agriculture energy management fund created under chapter 467E for the fiscal period beginning July 1, 1987 and ending June 30, 1992, to develop nonregulatory programs to implement integrated farm management of farm chemicals for environmental protection, energy conservation, and farm profitability; interactive public and farmer education; and applied studies on best management practices and best appropriate technology for chemical use efficiency and reduction.

(8) The following amounts are appropriated to the department of natural resources to continue the Big Spring demonstration project in Clayton county.

(a) For the fiscal period beginning July 1, 1987 and ending June 30, 1990, seven hundred thousand dollars is appropriated annually.

(b) For the fiscal period beginning July 1, 1990 and ending June 30, 1992, five hundred thousand dollars is appropriated annually.

(9) For the fiscal period beginning July 1, 1987 and ending June 30, 1990, one hundred thousand dollars is appropriated annually to the department of agriculture and land stewardship to implement a targeted education program on best management practices and technologies for the mitigation of groundwater Contamination from ~~or closure~~ of agricultural drainage wells, abandoned wells, and sinkholes.

Sec. 112. Section 4558.172. Subsection 2, Code 1987, is amended by striking the subsection and inserting in lieu thereof the following:

2. The department shall carry out the responsibilities of the state related to private water supplies and private sewage disposal systems for the protection of the environment and the public health and safety of the citizens of the state.

Sec. 113. Section 4558.172, Code 1987, is amended by adding the following new subsections after subsection 2 and renumbering the subsequent subsections:

NEW SUBSECTION. 3. Each county board of health shall adopt standards for private water supplies and private sewage disposal facilities. These standards shall be at least as stringent but consistent with the standards adopted by the commission. If a county board of health has not adopted standards for private water supplies and private sewage disposal facilities, the standards adopted by the commission shall be applied and enforced within the county by the county board of health:

NEW SUBSECTION. 4. Each county board of health shall regulate the private water supply and private sewage disposal facilities located within the county board's jurisdiction, including the enforcement of standards adopted pursuant to this section.

NEW SUBSECTION. 5. The department shall maintain jurisdiction over and regulate the direct discharge to a water of the state. The department shall retain concurrent authority to enforce state standards for private water supply and private sewage disposal facilities within a county, and exercise departmental authority if the county board of health falls to fulfill board responsibilities pursuant to this section.

The commission shall make grants to counties for the purpose of conducting programs for the testing of private, rural water supply wells and for the proper closing of abandoned, rural, private water supply wells within the jurisdiction of the county. Grants shall be funded through allocation of the agriculture management account of the groundwater protection fund. Grants awarded, continued, or renewed shall be subject to the following conditions:

a. An application for a grant shall be in a form and shall contain information as prescribed by rule of the commission.

b. Nothing in this section shall be construed to prohibit the department from making grants to one or more counties to carry out the purpose of the grant on a joint, multicounty basis.

c. A grant shall be awarded on an annual basis to cover a fiscal year from July 1 to June 30 of the following calendar year.

d. The continuation or renewal of a grant shall be contingent upon the county's acceptable performance in carrying out its responsibilities, as determined by the director. The director, subject to approval by the commission, may deny the

awarding of a grant or withdraw a grant awarded if, by determination of the director, the county has not carried out the responsibilities for which the grant was awarded, or cannot reasonably be expected to carry out the responsibilities for which the grant would be awarded.

Sec. 114. Section 4558.173, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 10. Adopt, modify, or repeal rules relating to the awarding of grants to counties for the purpose of carrying out responsibilities pursuant to section 4558.172 relative to private water supplies and private sewage disposal facilities.

Sec. 115. Section 4558.311, unnumbered paragraph 1, Code 1987, is amended to read as follows:

The director, with the approval of the commission, may make grants to cities, counties, or central planning agencies representing cities and counties or combinations of cities, counties, or central planning agencies from funds reserved under and for the purposes specified in section 455B-389, subsection-4 455E.11, subsection 2, paragraph "a", subject to all of the following conditions:

Sec. 116. Section 4558.309, Code 1987, is repealed.

PART TWO -- PESTICIDES AND FERTILIZER

Sec. 201. Section 898.4, subsection 1, Code 1987, is amended to read as follows:

1. Except for section 898.9, this chapter does not apply to a person engaged in farming as defined in this section; or a pesticide, as defined in section 206.2, subsection 1, used, stored, or available for sale by a commercial-applicator-as defined-in-section-206-2-subsection-12-a-certified applicator-as-defined-in-section-206-2-subsection-17-a certified private applicator as defined in section 206.2, subsection 18; a-certified-commercial-applicator-as-defined in-section-206-2-subsection-19-a-pesticide-dealer-as-defined

~~in-section-206-2-subsection-24,~~ or to activities which are covered under the federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 135 et seq.~~-provided,-however,~~ that However, such persons shall comply with the requirements of the regulations for the federal Insecticide, Fungicide, and Rodenticide Act, 40 C.F.R. § 170, and the requirements of and rules adopted under chapter 206 where applicable to such the persons. As used in this section, "farming" means the cultivation of land for the production of agricultural crops, the raising of poultry, the production of eggs, the production of milk, the production of fruit or other horticultural crops, grazing or the production of livestock, spraying, or harvesting. The department of agriculture and land stewardship shall cooperate with the division in an investigation of an agricultural employee's complaint filed pursuant to section 898.9.

Sec. 202. Section 135.11, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 20. Establish, publish, and enforce rules requiring prompt reporting of methemoglobinemia, pesticide poisoning, and the reportable poisonings and illnesses established pursuant to section 139.35.

NEW SUBSECTION. 21. collect and maintain reports of pesticide poisonings and other poisonings, illnesses, or injuries caused by selected chemical or physical agents, including methemoglobinemia and pesticide and fertilizer hypersensitivity; and compile and publish, annually, a statewide and county-by-county profile based on the reports.

Sec. 203. NEW SECTION. 139.35 REPORTABLE POISONINGS AND ILLNESSES.

1. If the results of an examination by a public, private, or hospital clinical laboratory of a specimen from a person in Iowa yield evidence of or are reactive for a reportable poisoning or a reportable illness from a toxic agent,

including methemoglobinemia, the results shall be reported to the Iowa department of public health on forms prescribed by the department. If the laboratory is located in Iowa, the person in charge of the laboratory shall report the results. If the laboratory is not in Iowa, the health care provider submitting the specimen shall report the results.

2. The physician or other health practitioner attending a person infected with a reportable poisoning or a reportable illness from a toxic agent, including methemoglobinemia, shall immediately report the case to the Iowa department of public health. The Iowa department of public health shall publish and distribute instructions concerning the method of reporting. Reports shall be made in accordance with rules adopted by the Iowa department of public health.

3. A person in charge of a poison control or poison information center shall report cases of reportable poisoning, including methemoglobinemia, about which they receive inquiries to the Iowa department of public health.

4. The Iowa department of public health shall adopt rules designating reportable poisonings, including methemoglobinemia, and illnesses which must be reported under this section.

5. The Iowa department of public health shall establish and maintain a central registry to collect and store data reported pursuant to this section.

Sec. 204. Section 177.2, subsection 1, Code 1987, is amended to read as follows:

1. To encourage the use of good agricultural practices in crop production, including best management practices for applying fertilizer and pesticide, and to conserve, maintain, and improve soil productivity.

Sec. 205. Section 200.4, Code 1987, is amended to read as follows:

209.4 LICENSES.

1. Any person who manufactures, mixes, blends, or mixes to customers order, offers for sale, sells, or distributes any fertilizer or soil conditioner offered-for-sale, sold, or distributed in Iowa must first obtain a license from the secretary of agriculture and shall pay a ten-dollar license fee for each plant or place of manufacture or distribution from which fertilizer or soil conditioner products are sold or distributed in Iowa. Such license fee shall be paid annually on July 1 of each year and the manufacturer, blender or mixer shall at the same time list the name and address of each such plant or place of manufacture from which sale or distribution is made.

~~This subsection shall not apply to a manufacturer who manufactures "specialty fertilizer" only as defined in section 200.3, subsection 5, in packages of twenty-five pounds or less.~~

2. Said licensee shall at all times produce an intimate and uniform mixture of fertilizers or soil conditioners. When two or more fertilizer materials are delivered in the same load, they shall be thoroughly and uniformly mixed unless they are in separate compartments.

Sec. 206. Section 200.8, Code 1987, is amended to read as follows:

200.8 INSPECTION FEES.

1. There shall be paid by the licensee to the secretary for all commercial fertilizers and soil conditioners sold, or distributed in this state, an inspection fee to be fixed annually by the secretary of agriculture at not more than twenty cents per ton. Except sales. Sales for manufacturing purposes only are hereby exempted from fees but must still be reported showing manufacturer who purchased same. Payment of said inspection fee by any licensee shall exempt all other persons, firms or corporations from the payment thereof.

On individual packages of specialty fertilizer containing twenty-five pounds or less, there shall be paid by the manufacturer in lieu of the ~~annual license fee and the~~ semiannual inspection fee as set forth in this chapter, an annual registration and inspection fee of twenty-five one hundred dollars for each brand and grade sold or distributed in the state. In the event that any person manufacturer sells specialty fertilizer in packages of twenty-five pounds or less and also in packages of more than twenty-five pounds, this annual registration and inspection fee shall apply only to that portion sold in packages of twenty-five pounds or less, and that portion sold in packages of more than twenty-five pounds shall be subject to the same inspection fee as fixed by the secretary of agriculture as provided in this chapter.

Any person other than a manufacturer who offers for sale, sells, or distributes specialty fertilizer in packages of twenty-five pounds or less or applies specialty fertilizer for compensation shall be required to pay an annual inspection fee of fifty dollars in lieu of the semiannual inspection fee as set forth in this chapter.

2. Every licensee and any person required to pay an annual registration and inspection fee under this chapter in this state shall:

a. File not later than the last day of January and July of each year, on forms furnished by secretary, a semiannual statement setting forth the number of net tons of commercial fertilizer or soil conditioners distributed in this state by grade for each county during the preceding six months' period; and upon filing such statement shall pay the inspection fee at the rate stated in subsection 1 of this section. However, in lieu of the semiannual statement by grade for each county, as hereinabove provided for, the registrant, on individual packages of ~~commercial~~ specialty fertilizer containing twenty-five pounds or less, shall file not later than the last day of

July of each year, on forms furnished by the secretary, an annual statement setting forth the number of net tons of ~~commercial~~ specialty fertilizer distributed in this state by grade during the preceding twelve-month period, ~~but no inspection fee shall be due thereon.~~

b. If the tonnage report is not filed or the payment of inspection fees, or both, is not made within ten days after the last day of January and July of each year as required in paragraph "a" of this subsection, a penalty amounting to ten percent of the amount due, if any, shall be assessed against the licensee. In any case, the penalty shall be no less than fifty dollars. The amount of fees due, if any, and penalty shall constitute a debt and become the basis of a judgment against the licensee.

3. If there is an unencumbered balance of funds in the fertilizer fund on June 30 of any fiscal year equal to or exceeding three hundred fifty thousand dollars, the secretary of agriculture shall reduce the per ton fee provided for in subsection 1 and the annual license fee established pursuant to section 201.3 for the next fiscal year in such amount as will result in an ending estimated balance for the June 30 of the next fiscal year of three hundred fifty thousand dollars.

Sec. 201. Section 200.8, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. In addition to the fees imposed under subsection 1, a groundwater protection fee shall be imposed upon nitrogen-based fertilizer. The fee shall be based upon the percentage of actual nitrogen contained in the product. An eighty-two percent nitrogen solution shall be taxed at a rate of seventy-five cents per ton. Other nitrogen-based product formulations shall be taxed on the percentage of actual nitrogen contained in the formulations with the eighty-two percent nitrogen solution serving as the base. The fee shall be paid by each licensee registering to sell fertilizer

to the secretary of agriculture. The fees collected shall be deposited in the agriculture management account of the groundwater protection fund. The secretary of agriculture shall adopt rules for the payment, filing, and collection of groundwater protection fees ~~from licensees in~~ conjunction with the collection of registration and inspection fees. The secretary shall, by rule ~~allow~~ an exemption to the payment of this fee for fertilizers which contain trace amounts of nitrogen.

Sec. 208. Section 200.9, Code 1987, is amended to read as follows:

200.9 FERTILIZER FUND.

fees collected For licenses and inspection fees under sections 200.4 and 200.8, with the exception of those fees collected for deposit in the agriculture management account of the groundwater protection fund, shall be deposited in the treasury to the credit of the fertilizer fund to be used only by the department for the purpose of inspection, sampling, analysis, preparation, and publishing of reports and other ~~expenses~~ necessary for administration of this chapter. The secretary may assign moneys to the Iowa agricultural experiment station for research, work projects, ~~and~~ investigations as my-be needed for the specific purpose of improving the regulatory functions for enforcement of this chapter.

Sec. 209. Section 206.2, subsection 12, Code 1987, is amended to read as follows:

12. ~~The term "commercial~~ "Commercial applicator" shall ~~mean means~~ any person, or corporation, ~~or employee of a person or corporation~~ who enters into a contract or an agreement for the sake of monetary payment and agrees to perform a service by applying any pesticide or servicing any device but shall not include a farmer trading work with another, a person employed by a farmer not solely as a pesticide applicator who

applies pesticide as an incidental part of the person's general duties, or a person who applies pesticide as an Incidental part Of a custom farming operation.

Sec. 210. Section 206.2, subsection 17, Code 1987, is amended to read as follows:

17. "Certified applicator" means any individual who is certified under this chapter as authorized to use or-supervise the-use-of any pesticide ~~which-is-classified-for-restricted~~ use.

Sec. 211. Section 206.2, subsection 18, Code 1987, is amended to read as follows:

18. "Certified private applicator" means a certified applicator who uses ~~or-supervises-the-use-of~~ any pesticide which is ~~classified~~ for restricted use ~~for-purposes-of producing-any-agricultural-commodity~~ on property owned or rented by the applicator or the applicator's employer or, if applied without compensation other than trading of personal services between producers of agricultural commodities, on the property of another person.

Sec. 212. Section 206.2, subsection 19, Code 1987, is amended to read as follows:

19. "Certified commercial applicator" means a pesticide applicator or individual who applies or uses a restricted-use pesticide or device ~~for-the-purpose-of-producehg-any agricultural-commodity-or~~ on any property of another for compensation.

Sec. 213. Section 206.2, subsection 24, Code 1987, is amended to read as follows:

24. The term "pesticide dealer" means any person who distributes any restricted use pesticides ~~which,-by regulation,-are-restricted-to-application-only-by-certified applicators; pesticide for use by commercial or public pesticide applicators; or general use pesticides labeled for agricultural or lawn and garden use with the exception of~~

dealers whose gross annual pesticide sales are less than ten thousand dollars for each business location owned or operated by the dealer.

Sec. 214. Section 206.5, Code 1987, is amended to read as follows:

206.5 CERTIFICATION REQUIREMENTS.

No person shall apply any pesticide and a person shall not apply any restricted use pesticide without first complying with the certification requirements of this chapter and such other restrictions as determined by the secretary or being under the direct supervision of a certified applicator.

~~The secretary shall adopt, by rule, requirements for the examination, re-examination and certification of applicants and set a fee of not more than ten dollars for the certification program of commercial applicators and not more than five dollars for the certification program of private applicators.~~

~~The secretary may adopt rules for the training of applicators in co-operation with the co-operative extension service at Iowa State University of science and technology. The secretary shall not require applicants for certification as private applicators to take and pass a written test, if the applicant instead shows proof that the applicant has attended an informational course of instruction approved by the secretary. The secretary shall provide for temporary certification for emergency purchases of restricted use products by requiring the purchaser to sign an affidavit, at the point of purchase, that the purchaser has read and understands the information on the label of the restricted use product being purchased.~~

Commercial and public applicators shall choose between one-year certification for which the applicator shall pay a twenty-five dollar fee or three-year certification for which

the applicator shall pay a seventy-five dollar fee. Public applicators who are employed by a state agency shall be exempt from the twenty-five and seventy-five dollar certification fees and instead be subject to a five-dollar annual certification fee or a fifteen dollar fee for a three-year certification. The commercial or public applicator shall be tested prior to certification annually, if the applicator chooses a one-year certification or each three years if the applicator chooses three-year certification. A private applicator shall be tested prior to initial certification. The test shall include, but is not limited to, the area of safe handling of agricultural chemicals and the effects of these chemicals on groundwater. A person employed by a farmer not solely as a pesticide applicator who applies restricted use pesticides as an incidental part of the person's general duties or a person who applies restricted use pesticides as an incidental part of a custom farming operation is required to meet the certification requirements of a private applicator.

The secretary may adopt rules to provide for license and certification adjustments, including fees, which may be necessary to provide for an equitable transition for licenses and certifications issued prior to January 1, 1989. The rules shall also include a provision for renewal of certification through the administering of an approved exam, and a provision for a thirty-day renewal grace period.

Sec. 215. Section 206.6, subsection 3, Code 1987, is amended to read as follows:

3. EXAMINATION FOR COMMERCIAL APPLICATOR LICENSE. The secretary of agriculture shall not issue a commercial applicator license until the individual engaged in or managing the pesticide application business and employed by the business to apply pesticides is qualified certified by passing an examination to demonstrate to the secretary the individual's knowledge of how to apply pesticides under the

classifications the individual has applied for, and the individual's knowledge of the nature and effect of pesticides the individual may apply under such Classifications. The applicant successfully completing this examination the certification requirement shall be a licensed commercial applicator. .

Sec. 216. Section 206.6, subsection 4, Code 1987, is amended to read as follows:

4. RENEWAL OF APPLICANT'S LICENSE, The secretary of agriculture shall renew any applicant's license under the classifications for which such applicant is licensed, provided that ~~a program of training of all of the applicant's personnel who apply pesticides has been established and maintained by the licensee are certified commercial applicators. Such a program may include attending training sessions such as cooperative extension short courses or industry trade association training seminars.~~

Sec. 217. Section 206.6, subsection 6, paragraph b, Code 1987, is amended to read as follows:

b. Public applicators for agencies listed in this subsection shall be subject to examinations certification requirements as provided for in this section; ~~however, the secretary shall issue a limited license without a fee to such public applicator who has qualified for such license.~~ The public applicator license shall be valid only when such applicator is acting as an applicator applying or supervising the application of pesticides used by such entities. Government research personnel shall be exempt from this licensing requirement when applying pesticides only to experimental plots. ~~Individuals~~ Public agencies or municipal corporations licensed pursuant to this section shall be licensed public applicators.

Sec. 218. Section 206.7, subsection 1, Code 1987, is amended to read as follows:

1. REQUIREMENT FOR CERTIFICATION. ~~No~~ A commercial or public applicator shall not apply any restricted-use pesticide without first complying with the certification standards or being under the direct supervision of a certified applicator.

Sec. 219. Section 206.8, subsections 2 and 3, Code 1987, are amended to read as follows:

2. ~~Application for a license shall be accompanied by a twenty-five dollar~~ A pesticide dealer shall pay a minimum annual license fee of twenty-five dollars or an annual license fee for the primary business location and an additional five dollar annual license fee for each other location or outlet within the state, and shall be on a form prescribed by the secretary and shall include the full name of the person applying for such license based on one-tenth of one percent of the gross retail sales of all pesticides sold by the pesticide dealer in the previous year. The annual license fee shall be paid to the department of agriculture and land stewardship, beginning July 1, 1988, and July 1 of each year thereafter. A licensee shall pay a fee of twenty-five dollars for the period July 1, 1987 through June 30, 1988.

The initial twenty-five dollars of each annual license fee shall be retained by the department for administration of the program, and the remaining moneys collected shall be deposited in the agriculture management account of the groundwater protection fund.

3. Provisions of this section shall not apply to a pesticide applicator who sells pesticides as an integral part of the applicator's pesticide application service, or any federal, state, county, or municipal agency which provides pesticides only for its own programs.

Sec. 220. Section 206.8, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Application for a license required for manufacturers and distributors who are not engaged in the

retail sale of pesticides shall be accompanied by a twenty-five dollar fee for each business location within the state required to be licensed, and shall be on a form prescribed by the secretary.

Sec. 221. Section 206.9, Code 1987. is amended to read as follows:

206.9 CO-OPERATIVE AGREEMENTS.

The secretary may co-operate, receive grants-in-aid and enter into agreements with any agency of the federal government, of this state or its subdivisions, or with any agency of another state, or trade associations to obtain assistance in the implementation of this chapter and to do all of the following:

1. secure uniformity of regulations;

2. Co-operate in the enforcement of the federal pesticide control laws through the use of state or federal personnel and facilities and to implement co-operative enforcement programs;

3. ~~Develop and administer state programs for training and certification of certified applicators consistent with federal standards.~~

4. ~~Contract for training with other agencies including federal agencies for the purpose of training certified applicators.~~

5. ~~Contract for monitoring pesticides for the national plan.~~

6. ~~Prepare and submit state plans to meet federal certification standards and.~~

7. ~~Regulate certified applicators.~~

6. Develop, in conjunction with the Iowa cooperative extension service in agriculture and home economics, courses available to the public regarding pesticide best management practices.

Sec. 222. Section 206.12, subsection 3, Code 1987. is amended to read as follows:

3. The registrant, before selling or offering for sale any pesticide in this state, shall register each brand and grade of such pesticide with the secretary upon forms furnished by the secretary, ~~and for the purpose of defraying expenses connected with the enforcement of this chapter,~~ the secretary shall set the registration fee annually at no more than twenty one-fifth of one percent of gross sales within this state with a minimum fee of two hundred fifty dollars and a maximum fee of three thousand dollars for each and every brand and grade to be offered for sale in this state. The secretary shall adopt by rule exemptions to the minimum fee. The fees Fifty dollars of each fee collected shall be deposited in the treasury to the credit of the pesticide fund to be used only for the purpose of enforcing the provisions of this chapter and the remainder of each fee collected shall be placed in the agriculture management account of the groundwater protection fund.

Sec. 223. Section 206.12, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 7. Each licensee under section 206.6 or 206.8 shall file an annual report with the secretary of agriculture listing the amount and type of all pesticides sold, offered for sale, or distributed at retail for use in this state, or applied in this state during each month of the previous year. This report shall be filed at the time of payment for licensure or annually on or before July 1. The secretary, by rule, may specify the form of the report and require additional information deemed necessary to determine pesticide use within the state. The information required shall include the brand names and amounts of pesticides sold, offered for sale, or distributed at retail for use in this state for each business location owned or operated by the

retailer, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 224. Section 206.19, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 3 Determine in cooperation with municipalities, the proper notice to be given by a commercial or public applicator to occupants of adjoining properties in urban areas prior to or after the exterior application of pesticides, establish a schedule to determine the periods of application least harmful to living beings, and adopt rules to implement these provisions. Municipalities shall cooperate with the department by reporting infractions and in implementing this subsection.

NEW SUBSECTION. 3A. Adopt rules providing guidelines for public bodies to notify adjacent property occupants regarding the application of herbicides to noxious weeds or other undesirable vegetation within highway rights-of-way.

NEW SUBSECTION. 4 Establish civil penalties for violations by commercial applicators.

Sec. 225. Section 206.21, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 3. The secretary of agriculture, in cooperation with the advisory committee created pursuant to section 206.23, shall designate areas with a history of concerns regarding nearby pesticide applications as pesticide management areas. The secretary shall adopt rules for designating pesticide management areas.

Sec. 226. **NEW SECTION.** 206.24 AGRICULTURAL INITIATIVE.

A program of education and demonstration in the area of the agricultural use of fertilizers and pesticides shall be initiated by the secretary of agriculture on July 1, 1987. The secretary shall coordinate the activities of the state regarding this program.

Education and demonstration programs shall promote the widespread adoption of management practices which protect groundwater. The programs may include but are not limited to programs targeted toward the individual farm owner or operator, high school and college students, and groundwater users, in the areas of best management practices, current research findings, and health impacts. Emphasis shall be given to programs which enable these persons to demonstrate best management practices to their peers.

Sec. 227. **NEW SECTION.** 206.25 PESTICIDE CONTAINERS DISWAL.

The department of agriculture and land stewardship, in cooperation with the environmental protection division of the department of natural resources, shall develop a program for handling used pesticide containers which reflects the state solid waste management policy hierarchy, and shall present the program developed to the general assembly by February 1, 1988.

Sec. 228. **NEW SECTION.** 263.14 CENTER FOR HEALTH EFFECTS OF ENVIRONMENTAL CONTAMINATION.

1. The state board of regents shall establish and maintain at Iowa City as an integral part of the State University of Iowa the center for health effects of environmental contamination, having as its object the determination of the levels of environmental contamination which can be specifically associated with human health effects.

2. a. The center shall be a cooperative effort of representatives of the following organizations:

- (1) The State University of Iowa department of preventative medicine and environmental health.
- (2) The State University of Iowa department of pediatrics of the college of medicine.
- (3) The state hygienic laboratory.
- (4) The institute of agricultural medicine.
- (5) The Iowa cancer center.

- (6) The department of civil and environmental engineering.
- (7) Appropriate clinical and basic science departments.
- (8) The college of law.
- (9) The college of liberal arts and sciences.
- (10) The Iowa department of public health.
- (11) The department of natural resources.
- (12) The department of agriculture and land stewardship.

b. The active participation of the national cancer institute, the agency for toxic substances and disease registries, the national center for disease control, the United States environmental protection agency, and the United States geological survey, shall also be sought and encouraged.

3. The center may:

a. Assemble all pertinent laboratory data on the presence and concentration of contaminants in soil, air, water, and food, and develop a data retrieval system to allow the findings to be easily accessed by exposed populations.

b. Make use of data from the existing cancer and birth defect statewide recording systems and develop similar recording systems for specific organ diseases which are suspected to be caused by exposure to environmental toxins.

c. Develop registries of persons known to be exposed to environmental hazards so that the health status of these persons may be examined over time.

d. Develop highly sensitive biomedical assays which may be used in exposed persons to determine early evidence of adverse health effects.

e. Perform epidemiologic studies to relate occurrence of a disease to contaminant exposure and to ensure that other factors known to cause the disease in question can be ruled out.

f. Foster relationships and ensure the exchange of information with other teaching institutions or laboratories in the state which are concerned with the many forms of environmental contamination.

g. Implement programs of professional education and training of medical students, physicians, nurses, scientists, and technicians in the causes and prevention of environmentally induced disease.

h. Implement public education programs to inform persons of research results and the significance of the studies.

i. Respond as requested to any branch of government for consultation in the drafting of laws and regulations to reduce contamination of the environment.

4. An advisory committee consisting of one representative of each of the organizations enumerated in subsection 2, paragraph "a", a representative of the Iowa department of public health, and a representative of the department of natural resources is established. The advisory committee shall:

a. Employ, as a state employee, a full-time director to operate the center. The director shall coordinate the efforts of the heads of each of the major divisions of laboratory analysis, epidemiology and biostatistics, biomedical assays, and exposure modeling and shall also coordinate the efforts of professional and support staff in the operation of the center.

b. Submit an annual report of the activities of the center to the legislative council of the general assembly by January 15 of each year.

5. The center shall maintain the confidentiality of any information obtained from existing registries and from participants in research programs. Specific research projects involving human subjects shall be approved by the State University of Iowa institutional review board.

6. The center may solicit, accept, and administer moneys appropriated to the center by a public or private agency.

Sec. 229. NEW SECTION. 266.37 SOIL TEST INTERPRETATION.

The Iowa cooperative extension service in agriculture and home economics shall develop and publish material on the

interpretation of the results of soil tests. The material shall also feature the danger to groundwater quality from the overuse of fertilizers and pesticides. The material shall be available from the service at cost and any person providing soil tests for agricultural or horticultural purposes shall provide the material to the customer with the soil test results.

Sec. 230. NEW SECTION. 266.38 LEOPOLD CENTER FOR SUSTAINABLE AGRICULTURE.

1. For the purposes of this section, "sustainable agriculture" means the appropriate use of crop and livestock systems and agricultural inputs supporting those activities which maintain economic and social viability while preserving the high productivity and quality of Iowa's land.

2. The Leopold center for sustainable agriculture is established in the Iowa agricultural and home economics experiment station at Iowa State University of science and technology. The center shall conduct and sponsor research to identify and reduce negative environmental and socio-economic impacts of agricultural practices. The center also shall research and assist in developing emerging alternative practices that are consistent with a sustainable agriculture. The center shall develop in association with the Iowa cooperative extension service in agriculture and home economics an educational framework to inform the agricultural community and the general public of its findings.

3. An advisory board is established consisting of the following members:

a. Three persons from Iowa State University of science and technology, appointed by its president.

b. Two persons from the State University of Iowa, appointed by its president.

c. Two persons from the University of Northern Iowa, appointed by its president.

d. Two representatives of private colleges and universities within the state, to be nominated by the Iowa association of independent colleges and universities, and appointed by the Iowa coordinating council for post-high school education.

e. One representative of the department of agriculture and land stewardship, appointed by the secretary of agriculture.

f. One representative of the department of natural resources, appointed by the director.

g. One man and one woman, actively engaged in agricultural production, appointed by the state soil conservation committee.

The terms of the members shall begin and end as provided in section 69.19 and any vacancy shall be filled by the original appointing authority. The terms shall be for four years and shall be staggered as determined by the president of Iowa State University of science and technology.

4. The Iowa agricultural and home economics experiment station shall employ a director for the center, who shall be appointed by the president of Iowa State University of science and technology. The director of the center shall employ the necessary research and support staff. The director and staff shall be employees of Iowa State University of science and technology. No more than five hundred thousand dollars of the funds received from the agriculture management account annually shall be expended by the center for the salaries and benefits of the employees of the center, including the salary and benefits of the director. The remainder of the funds received from the agriculture management account shall be used to sponsor research grants and projects on a competitive basis from Iowa colleges and universities and private nonprofit agencies and foundations. The center may also solicit additional grants and funding from public and private nonprofit agencies and foundations.

The director shall prepare an annual report.

5. The board shall provide the president of Iowa State University of science and technology with a list of three candidates from which the director shall be selected. The board shall provide an additional list of three candidates if requested by the president. The board shall advise the director in the development of a budget, on the policies and procedures of the center, in the funding of research grant proposals, and regarding program planning and review.

Sec. 231. NEW SECTION. 317.26 ALTERNATIVE REMEDIATION PRACTICES.

The director of the department of natural resources, in cooperation with the secretary of agriculture and county conservation boards or the board of supervisors, shall develop and implement projects which utilize alternative practices in the remediation of noxious weeds and other vegetation within highway right-of-way.

Sec. 232. Section 467E.1, subsection 2, Code 1987, is amended to read as follows:

2. An agricultural energy management advisory council is established which shall consist of the secretary of agriculture and the chief administrator of each of the following organizations or the administrator's designee:

a. The energy and geological resources division of the department of natural resources.

b. The environmental protection division of the department of natural resources.

c. Iowa state university of science and technology college of agriculture.

d. Iowa state university of science and technology college of engineering.

e. Iowa state water resource research Institute.

f. State university of Iowa department of preventative medicine and environmental health.

g. Division of soil conservation of the department of agriculture and land stewardship.

h. Iowa cooperative extension service in agriculture and home economics.

i. The university of northern Iowa.

j. The state hygienic laboratory.

The secretary of agriculture shall coordinate the appointment process for compliance with section 69.16A.

The secretary of agriculture shall be the chairperson of the council. The presiding officers of the senate and house shall each appoint two nonvoting members, not more than one of any one political party, to serve on the advisory council for a term of two years. The council may invite the administrators of the United States geological survey and the federal environmental protection agency to each appoint a person to meet with the council in an advisory capacity. The council shall meet quarterly or upon the call of the chairperson. The council shall review possible uses of the funds fund and the effectiveness of current and past expenditures of the fund. The council shall make recommendations to the department of agriculture and land Stewardship on the uses of the fund.

Sec. 233. PESTICIDE DEALER EXEMPTION. The secretary may adopt rules to provide for license and certification fee adjustments that may be necessary to provide an equitable transition from fees required prior to July 1, 1988.

Sec. 234. APPROPRIATION. For the fiscal year beginning July 1, 1987, and ending June 30, 1988, the increased fee revenues resulting to the fertilizer fund and to the pesticide fund from the increases in fees and expansion of coverage of fee requirements provided in this Act are appropriated to the department of agriculture and land stewardship for the administration and implementation of chapters 200 and 206, as amended by this Act.

PART THREE -- WELLS, SINKHOLES, WATERSHEDS,
AND WETLANDS

Sec. 301. NEW SECTION. 108.11 AGRICULTURAL DRAINAGE
WELLS -- WETLANDS -- CONSERVATION EASEMENTS.

The department shall develop and implement a program for the acquisition of wetlands and conservation easements on and around wetlands that result from the closure or change in use of agricultural drainage wells upon implementation of the programs specified in section 159.29 to eliminate groundwater contamination caused by the use of agricultural drainage wells. The program shall be coordinated with the department of agriculture and land stewardship. The department may use moneys appropriated for this purpose from the agriculture management account of the groundwater protection fund in addition to other moneys available for wetland acquisition, protection, development, and management.

Sec. 302. NEW SECTION. 159.28 SINKHOLES -- CONSERVATION
EASEMENT PROGRAMS.

The department shall develop and implement a program for the prevention of groundwater contamination through sinkholes. The program shall provide for education of landowners and encourage responsible chemical and land management practices in areas of the state prone to the formation of sinkholes.

The program may provide financial incentives for land management practices and the acquisition of conservation easements around sinkholes. The program may also provide financial assistance for the cleanup of wastes dumped into sinkholes.

The program shall be coordinated with the groundwater protection programs of the department of natural resources and other local, state, or federal government agencies which could compensate landowners for resource protection measures. The department shall use moneys appropriated for this purpose from the agriculture management account of the groundwater protection fund,

Sec. 303. NEW SECTION. 159.29 AGRICULTURAL DRAINAGE
WELLS.

1. An owner of an agricultural drainage well shall register the well with the department of natural resources by January 1, 1988.

2. An owner of an agriculture drainage well and a landholder whose land is drained by the well or wells of another person shall develop, in consultation with the department of agriculture and land stewardship and the department of natural resources, a plan which proposes alternatives to the use of agricultural drainage wells by July 1, 1991.

a. Financial incentive moneys may be allocated from the financial incentive portion of the agriculture management account of the groundwater protection fund to implement alternatives to agricultural drainage wells.

b. An owner of an agricultural drainage well and a landholder whose land is drained by the well or wells of another person shall not be eligible for financial incentive moneys pursuant to paragraph "a" if the owner fails to register the well with the department of natural resources by January 1, 1988 or if the owner fails to develop a plan or alternatives in cooperation with the department of agriculture and land stewardship and the department of natural resources.

3. The department shall:

a. On July 1, 1987 initiate a pilot demonstration and research project concerning elimination of groundwater contamination attributed to the use of agricultural chemicals and agricultural drainage wells. The project shall be established in a location in North Central Iowa determined by the department to be the most appropriate. A demonstration project shall also be established in Northeast Iowa to study techniques for the cleanup of sinkholes.

The agricultural drainage well pilot project shall be designed to identify the environmental, economic, and social problems preseted by continued use or closure of agricultural drainage wells and to monitor possible contamination caused by agriculture land management practices and agricultural chemical use relative to agricultural drainage wells.

b. Develop alternative management practices based upon the findings from the demonstration projects to reduce the infiltration of synthetic organic compounds into the groundwater through agricultural drainage wells and sinkholes.

c. Examine alternatives and the costs of implementation of alternatives to the use of agricultural drainage wells, and examine the legal, technical, and hydrological constraints for integrating alternative drainage systems into existing drainage districts.

4. Financial incentive moneys expended through the use of the financial incentive portion of the agriculture management account may be provided by the department to landowners in the project areas for employing reduced chemical farming practices and land management techniques.

5. The secretary may appoint interagency committees and groups as needed to coordinate the involvement of agencies participating in department sponsored projects. The interagency committees and groups may accept grants and funds from public and private organizations.

6. The department shall publish a report on the status and findings of the pilot demonstration projects on or before July 1, 1989, and each subsequent year of the projects. The department of agriculture and land stewardship shall develop a priority system for the elimination of chemical contamination from agricultural drainage wells and sinkholes. The priority system shall incorporate available information regarding the significance of contamination, the number of registered wells in the area, and the information derived from the report

prepared pursuant to this subsection. The highest priority shall be given to agricultural drainage wells for which the above criteria are best met, and the costs of necessary action are at the minimum level.

7. Beginning July 1, 1990, the department shall initiate an ongoing program to meet the goal of eliminating chemical contamination caused by the use of agricultural drainage wells by January 1, 1995 based upon the findings of the report published pursuant to subsection 6.

8. Notwithstanding the prohibitions of section 455B.267, subsection 4, an owner of an agricultural drainage well may make emergency repairs necessitated by damage to the drainage well to minimize surface runoff into the agricultural drainage well, upon the approval of the county board of supervisors or the board's designee of the county in which the agricultural drainage well is located. The approval shall be based upon the following conditions:

a. The well has been registered in accordance with both state and federal law.

b. The applicant will institute management practices including alternative crops, reduced application of chemicals, or other actions which will reduce the level of chemical contamination of the water which drains into the well.

c. The owner submits a written statement that approved emergency repairs are necessary and do not constitute a basis to avoid the eventual closure of the well if closure is later determined to be required. If a county board of supervisors or the board's designee approves the emergency repair of an agricultural drainage well, the county board of supervisors or the board's designee shall notify the department of the approval within thirty days of the approval.

Sec. 304. Section 455B.187, Code 1987, is amended by adding the following new unnumbered paragraphs:

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NEW UNNUMBERED PARAGRAPH. A landowner or the landowner's agent shall not drill for or construct a new water well without first obtaining a permit for this activity from the department. The department shall not issue a permit to any person for this activity unless the person first registers with the department all wells, including abandoned wells, on the property. The department may delegate the authority to issue a permit to a county board of supervisors or the board's designee. In the event of such delegation, the department shall retain concurrent authority. The commission shall adopt rules pursuant to chapter 17A to implement this paragraph.

NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions of this section, a county board of supervisors or the board's designee may grant an exemption from the permit requirements to a landowner or the landowner's agent if an emergency drilling is necessary to meet an immediate need for water. The exemption shall be effective immediately upon approval of the county board of supervisors or the board's designee. The board of supervisors or the board's designee shall notify the director within thirty days of the granting of an exemption.

NEW UNNUMBERED PARAGRAPH. In the case of property owned by a state agency, a person shall not drill for or construct a new water well without first registering with the department the existence of any abandoned wells on the property. The department shall develop a prioritized closure program and time frame for the completion of the program, and shall adopt rules to implement the program.

Sec. 305. NEW SECTION. 4558.190 ABANDONED WELLS PROPERLY PLUGGED.

All abandoned wells, as defined in section 455B.171, shall be properly plugged in accordance with the schedule established by the department. The department shall develop a prioritized closure program and a time frame for the completion of the program and shall adopt rules to implement

the program. A person who fails to properly plug an abandoned well on property the person owns, in accordance with the program established by the department, is subject to a civil penalty of up to one hundred dollars per day that the well remains unplugged or improperly plugged. The moneys collected shall be deposited in the financial incentive portion of the agriculture management account. The department of agriculture and land stewardship may provide by rule for financial incentive moneys, through expenditure of the moneys allocated to the financial-incentive-program portion of the agriculture management account, to reduce a person's cost in properly plugging wells abandoned prior to July 1, 1987.

Sec. 306. Section 465.22, Code 1987, is amended to read as follows:

465.22 DRAINAGE IN COURSE OF NATURAL DRAINAGE -- RECONSTRUCTION -- DAMAGES.

Owners of land may drain the same land in the general course of natural drainage by constructing or reconstructing open or covered drains, discharging the same drains in any natural watercourse or depression whereby so the water will be carried into some other natural watercourse, and when such if the drainage is wholly upon the owner's land the owner shall is not be liable in damages therefor nor shall any such for the drainage unless it increases the quantity of water or changes the manner of discharge on the land of another. An owner in constructing a replacement drain, wholly on the owner's own land, and in the exercise of due care he, is not liable in damages to another in case if a previously constructed drain on the owner's own land is rendered inoperative or less efficient by such the new drain, unless in violation of the terms of a written contract. Nothing in this section shall in any manner be construed to does not affect the rights or liabilities of proprietors in respect to running streams.

Sec. 307. NEW SECTION. 558.69 EXISTENCE AND LOCATION OF WELLS, DISPOSAL SITES, UNDERGROUND STORAGE TANKS, AND HAZARDOUS WASTE.

With each declaration of value submitted to the county recorder under chapter 428A, there shall also be submitted a statement that no known wells are situated on the property, or if known wells are situated on the property, the statement must state the approximate location of each known well and its status with respect to section 159.29 or 4556.190. The statement shall also state that no disposal site for solid waste, as defined in section 455B.301, which has been deemed to be potentially hazardous by the department of natural resources, exists on the property, or if such a disposal site does exist, the location of the site on the property. The statement shall additionally state that no underground storage tank, as defined in section 4556.471, subsection 6, exists on the property, or if an underground storage tank does exist, the type and size of the tank, and the substance in the tank. The statement shall also state that no hazardous waste as defined in section 4556.411, subsection 4, or listed by the department pursuant to section 4556.412, subsection 2, or section 455B.464, exists on the property, or if hazardous waste does exist, that the waste is being managed in accordance with rules adopted by the department of natural resources. The statement shall be signed by the grantors or the transferors of the property. The county recorder shall refuse to record any deed, instrument, or writing for which a declaration of value is required under chapter 428A unless the statement required by this section has been submitted to the county recorder.

If a declaration of value is not required, the above information shall be submitted on a separate form. The director of the department of natural resources shall prescribe the form of the statement and the separate form to

be supplied by each county recorder in the state. The county recorder shall transmit the statements to the department of natural resources at times directed by the director of the department.

PART FOUR "" SOLID WASTE MANAGEMENT AND LANDFILLS

Sec. 401. Section 18.3, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Administering the provisions of section 18.18.

Sec. 402. Section 28F.1, unnumbered paragraph 1, Code 1987, is amended to read as follows:

This chapter provides a means for the joint financing by public agencies of works or facilities useful and necessary for the collection, treatment, purification, and disposal in a sanitary manner of liquid and solid waste, sewage, and industrial waste, facilities used for the conversion of solid waste to energy, and also electric power facilities constructed within the state of Iowa except that hydroelectric power facilities may also be located in the waters and on the dams of or on land adjacent to either side of the Mississippi or Missouri river bordering the state of Iowa, water supply systems, swimming pools or golf courses. This chapter applies to the acquisition, construction, reconstruction, ownership, operation, repair, extension, or improvement of such works or facilities, by a separate administrative or legal entity created pursuant to chapter 28E. When the legal entity created under this chapter is comprised solely of cities, counties, and sanitary districts established under chapter 358, or any combination thereof or any combination of the foregoing with other public agencies, the entity shall be both a corporation and a political subdivision with the name under which it was organized. The legal entity may sue and be sued, contract, acquire and hold real and personal property necessary for corporate purposes. adopt a corporate seal and

alter the seal at pleasure, and execute all the powers conferred in this chapter.

Sec. 403. NEW SECTION. 268.4 SMALL BUSINESS ASSISTANCE CENTER FOR THE SAFE AND ECONOMIC MANAGEMENT OF SOLID WASTE AND HAZARDOUS SUBSTANCES.

1. The small business assistance center for the safe and economic management of solid waste and hazardous substances is established at the University of Northern Iowa. The University of Northern Iowa, in cooperation with the department of natural resources, shall develop and implement a program which provides the following:

a. Information regarding the safe use and economic management of solid waste and hazardous substances to small businesses which generate the substances.

b. Dissemination of information to public and private agencies regarding state and federal solid waste and hazardous substances regulations, and assistance in achieving compliance with the regulations.

c. Advice and consultation in the proper storage, handling, treatment, reuse, recycling, and disposal methods of solid waste and hazardous substances.

d. Identification of the advantages of proper substance management relative to liability and operational costs of a particular small business.

e. Assistance in the providing of capital formation in order to comply with state and federal regulations.

2. a. An advisory committee to the center is established, consisting of a representative of each of the following organizations:

- (1) The Iowa department of economic development.
- (2) The small business development commission.
- (3) The University of Northern Iowa.
- (4) The State University of Iowa.
- (5) Iowa State University of science and technology.

(6) The department of natural resources.

b. The active participation of representatives of small businesses in the state shall also be sought and encouraged.

3. Information obtained or compiled by the center shall be disseminated directly to the Iowa department of economic development, the small business development centers, and other public and private agencies with interest in the safe and economic management of solid waste and hazardous substances.

4. The center may solicit, accept, and administer moneys appropriated to the center by a public or private agency.

Sec. 404. Section 455B.301, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 7. "Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed sanitary landfill, including, but not limited to, application of final cover, grading and seeding of final cover, installation of an adequate monitoring system, and construction of ground and surface water diversion structures, if necessary.

NEW SUBSECTION. 8. "Closure plan" means the plan which specifies the methods and schedule by which an operator will complete or cease disposal operations of a sanitary disposal project, prepare the area for long-term care, and make the area suitable for other uses.

NEW SUBSECTION. 9. "Lifetime of the project" means the projected period of years that a landfill will receive waste, from the time of opening until closure, based on the volume of waste to be received projected at the time of submittal of the initial project plan and the calculated refuse capacity of the landfill based upon the design of the project.

NEW SUBSECTION. 10. "Financial assurance instrument" means an instrument submitted by an applicant to ensure the operator's financial capability to provide reasonable and necessary response during the lifetime of the project and for

the thirty years following closure, and to provide for the closure of the facility and postclosure care required by rules adopted by the commission in the event that the operator fails to correctly perform closure and postclosure care requirements. The form may include the establishment of a secured trust fund, use of a cash or surety bond, or the obtaining of an irrevocable letter of credit.

NEW SUBSECTION. 11. "Postclosure" and "postclosure care" mean the time and actions taken for the care, maintenance, and monitoring of a sanitary disposal project after closure that will prevent, mitigate, or minimize the threat to public health, safety, and welfare and the threat to the environment posed by the closed facility.

NEW SUBSECTION. 12. "Postclosure plan" means the plan which specifies the methods and schedule by which the operator will perform the necessary monitoring and care for the area after closure of a sanitary disposal project.

NEW SUBSECTION. 13. "Manufacturer" means a person who by labor, art, or skill transforms raw material into a finished product or article of trade.

NEW SUBSECTION. 14. "Leachate" means fluid that has percolated through solid waste and which contains contaminants consisting of dissolved or suspended materials, chemicals, or microbial waste products from the solid waste.

NEW SUBSECTION. 15. "Actual cost" means the operational, remedial and emergency action, closure, postclosure, and monitoring costs of a sanitary disposal project for the lifetime of the project.

Sec. 405. **NEW SECTION. 4558.3018 DECLARATION OF POLICY.**

1. The protection of the health, safety, and welfare of Iowans and the protection of the environment require the safe and sanitary disposal of solid wastes. An effective and efficient solid waste disposal program, protects the environment and the public, and provides the most practical

and beneficial use of the material and energy values of solid waste. While recognizing the continuing necessity for the existence of landfills, alternative methods of managing solid waste and a reduction in the reliance upon land disposal of solid waste are encouraged. In the promotion of these goals, the following waste management hierarchy in descending order of preference, is established as the solid waste management policy of the state:

- a. Volume reduction at the source.
- b. Recycling and reuse.
- c. Combustion with energy recovery and refuse-derived fuel.
- d. Combustion for volume reduction.
- e. Disposal in sanitary landfills.

2. In the implementation of the solid waste management policy, the state shall:

- a. Establish and maintain a cooperative state and local program of project planning, and technical and financial assistance to encourage comprehensive solid waste management.
- b. Utilize the capabilities of private enterprise as well as the services of public agencies to accomplish the desired objectives of an effective solid waste management program.

Sec. 406. Section 4558.304, unnumbered paragraph 3, Code 1987, is amended to read as follows:

The commission shall adopt rules prohibiting the disposal of uncontained liquid waste in a sanitary landfill. The rules shall prohibit land burial or disposal by land application of wet sewer sludge at a sanitary landfill.

Sec. 407. Section 1558.304, unnumbered paragraph 6, Code 1987, is amended to read as follows:

The commission shall, by rule, require continued monitoring of groundwater pursuant to this section for a period of twenty thirty years after the sanitary disposal project is closed. The commission may prescribe a lesser period of monitoring

duration and frequency in consideration of the potential or lack thereof for groundwater contamination from the sanitary disposal project. The commission may extend the twenty-year thirty-year monitoring period on a site-specific basis by adopting rules specifically addressing additional monitoring requirements for each sanitary disposal project for which the monitoring period is to be extended.

Sec. 408. Section 4558.304, Code 1987, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. The commission shall adopt rules which establish closure, postclosure, leachate control and treatment, and financial assurance standards and requirements and which establish minimum levels of financial responsibility for sanitary disposal projects.

NEW UNNUMBERED PARAGRAPH. The commission shall adopt rules which establish the minimum distance between tiling lines and a sanitary landfill in order to assure no adverse effect on the groundwater.

NEW UNNUMBERED PARAGRAPH. The commission shall adopt rules for the distribution of grants to cities, counties, central planning agencies, and public or private agencies working in cooperation with cities or counties, for the purpose of solid waste management. The rules shall base the awarding of grants on a project's reflection of the solid waste management policy and hierarchy established in section 455B.301A, the proposed amount of local matching funds, and community need.

NEW UNNUMBERED PARAGRAPH. By July 1, 1990, a sanitary landfill disposal project operating with a permit shall have a trained, tested, and certified operator. A certification program shall be devised or approved by rule of the department.

Sec. 409. Section 4558.305, subsection 5, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. After July 1, 1997, however, no new landfill permits shall be issued unless the applicant certifies that the landfill is needed as a part of an alternative disposal method, or unless the applicant provides documentation which satisfies the director that alternatives have been studied and are not either technically or economically feasible. The decision of the director is subject to review by the commission at its next meeting.

Sec. 410. Section 4558.305, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Beginning July 1, 1992, the director shall not issue, renew, or reissue a permit for a sanitary landfill unless the sanitary landfill is equipped with a leachate control system. The director may exempt a permit applicant from this requirement if the director determines that certain conditions regarding, but not limited to, existing physical conditions, topography, soil, geology, and climate, are such that a leachate control system is unnecessary.

Sec. 411. Section 4558.306, subsection 1, Code 1987, 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. 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 4558.302 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. 412. Section 4558.306, subsection 2, Code 1987, is amended to read as follows:

2. The plan required by subsection 1 shall be filed with the department at the time of initial application for the and operation of a sanitary landfill disposal project and shall be updated and refiled with the department at the time of each subsequent application for renewal or reissuance of a previously issued, permit.

Sec. 413. Section 4558.306, subsection 3, Code 1987, is amended to read as follows:

3. A comprehensive plan filed pursuant to this section in conjunction with an application for issuance, renewal, or reissuance of a permit for a sanitary disposal project shall incorporate and reflect the waste management hierarchy of the state solid waste management policy and shall at a minimum address the following general topics to the extent appropriate to the technology employed by the applicant at the sanitary disposal project:

- a. The extent to which solid waste is or can be recycled.
- b. The economic and technical feasibility of using other existing sanitary disposal project facilities in lieu of initiating or continuing the sanitary landfill for which the permit is being sought.
- c. The expected environmental impact of alternative solid waste disposal methods, including the use of sanitary landfills.

d. A specific plan and schedule for implementing technically and economically feasible solid waste disposal methods that will result in minimal environmental impact.

4. In addition to the above requirements, the following specific areas must be addressed in detail in the comprehensive plan:

a. A closure and Postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure adopted by rule by the commission. The plan shall include, but is not limited to, the proposed frequency and types of actions to be implemented prior to and following closure of an operation, the proposed postclosure actions to be taken to return the area to a condition suitable for other uses, and an estimate of the costs of closure and postclosure and the proposed method of meeting these costs. The postclosure plan shall reflect the thirty-year time period requirement for postclosure responsibility.

b. A plan for the control and treatment of leachate, including financial considerations proposed in meeting the costs of control and treatment in order to meet the requirements of section 4558.305, subsection 6.

c. A financial plan detailing the actual cost of the sanitary disposal project and including the funding sources of the project. In addition to the submittal of the financial plan filed pursuant to this subsection, the operator of an existing sanitary landfill shall submit an annual financial statement to the department.

d. An emergency response and remedial action plan including established provisions to minimize the possibility of fire, explosion, or any release to air, land, or water of pollutants that could threaten human health and the environment, and the identification of possible occurrences that may endanger human health and environment.

Sec. 414. Section 455B.306, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. In addition to the comprehensive plan filed pursuant to subsection 1, a person operating or proposing to operate a sanitary disposal project shall provide a financial assurance instrument to the department prior to the initial approval of a permit or prior to the renewal of a permit for an existing or expanding facility beginning July 1, 1988.

a. The financial assurance instrument shall meet all requirements adopted by rule by the commission, and shall not be canceled, revoked, disbursed, released, or allowed to terminate without the approval of the department. Following the cessation of operation or closure of a sanitary disposal project, neither the guarantor nor the operator shall cancel, revoke, or disburse the financial assurance instrument or allow the instrument to terminate until the operator is released from closure, postclosure, and monitoring responsibilities.

b. The operator shall maintain closure, and postclosure accounts. The commission shall adopt by rule the amounts to be contributed to the accounts based upon the amount of solid waste received by the facility. The accounts established shall be specific to the facility.

(1) Money in the accounts shall not be assigned for the benefit of creditors with the exception of the state.

(2) Money in an account shall not be used to pay any final judgment against a licensee arising out of the ownership or operation of the site during its active life or after closure.

(3) Conditions under which the department may gain access to the accounts and circumstances under which the accounts may be released to the operator after closure and postclosure responsibilities have been met, shall be established by the commission.

c. The commission shall adopt by rule the minimum amounts of financial responsibility for sanitary disposal projects.

d. Financial assurance instruments may include instruments such as cash or surety bond, a letter of credit, a secured trust fund, or a corporate guarantee.

e. The annual financial statement submitted to the department pursuant to section 455B.306, subsection 3, paragraph "d", shall include the current amounts established in each of the accounts and the projected amounts to be deposited in the accounts in the following year.

Sec. 415. Section 455B.307, Code 1987, is amended to read as follows:

455B.307 DUMPING -- WHERE PROHIBITED.

1. ~~It shall be unlawful for any~~ A private agency or public agency shall not dump or deposit or permit the dumping or depositing of any solid waste resulting from its own residential, farming, manufacturing, mining, or commercial activities at any place other than a sanitary disposal project approved by the director unless the agency has been granted a permit by the department which allows the dumping or depositing of solid waste on land owned or leased by the agency. The department shall adopt rules regarding the permitting of this activity which shall provide that the public interest is best served, but which may be based upon criteria less stringent than those regulating a public sanitary disposal project provided that the rules adopted meet the groundwater nondegradation goal specified in section 455B.4. The comprehensive plans for these facilities may be varied in consideration of the types of sanitary disposal practices, hydrologic and geologic conditions, construction and operations characteristics, and volumes and types of waste handled at the disposal site. ~~This section shall not prohibit a private agency or public agency from dumping or depositing solid waste resulting from its own residential, farming,~~

~~manufacturing, mining or commercial activities on land owned or leased by it if the action does not violate any statute of this state or rules promulgated by the commission or local boards of health or local ordinances.~~ The director may issue temporary permits for dumping or disposal of solid waste at disposal sites for which an application for a permit to operate a sanitary disposal project has been made and which have not met all of the requirements of part 1 of this division and the rules adopted by the commission if a compliance schedule has been submitted by the applicant specifying how and when the applicant will meet the requirements for an operational sanitary disposal project and the director determines the public interest will be best served by granting such temporary permit.

27. The director may issue any order necessary to secure compliance with or prevent a violation of the provisions of this part 1 of division IV or the rules promulgated adopted pursuant thereto to the part. The attorney general shall, on request of the department, institute any legal proceedings necessary in obtaining compliance with an order of the commission or the director or prosecuting any person for a violation of the provisions of said the part or rules issued pursuant thereto to the part.

38. Any person who violates any provision of part 1 of this division or any rule or any order promulgated adopted or the conditions of any permit or order issued pursuant to part 1 of this division shall be subject to a civil penalty. The amount of the civil penalty shall be based upon the toxicity and severity of the solid waste as determined by rule, but not to exceed five hundred dollars for each day of such violation.

Sec. 416. Section 4558.310, subsection 2, Code 1987, is amended to read as follows:

2. The tonnage fee is twenty-five cents one dollar and fifty cents per ton of solid waste for the year beginning July

1, 1988 and shall increase annually in the amount of fifty cents per ton through July 1, 1992. The city or county providing for the establishment and operation of the sanitary landfill may charge an additional tonnage fee for the disposal of solid waste at the sanitary landfill, to be used exclusively for the development and implementation of alternatives to sanitary landfills.

Sec. 417. Section 455B.310, subsections 4 and 5, Code 1987, are amended to read as follows:

4. All tonnage fees received by the department under this section shall be paid to a groundwater fund created under ~~section 455B.309~~ deposited in the solid waste account of the groundwater protection fund created under section 4553.11.

5. Fees imposed by this section beginning July 1, 1988 shall be paid to the department on an annual a quarterly basis. Fees are due on April 15 for the previous calendar year The initial payment of fees collected beginning July 1, 1988 shall be paid to the department on January 1, 1989 and on a quarterly basis thereafter. The payment shall be accompanied by a return in the form prescribed by the department.

Sec. 418. Section 4550.310, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 7. The department shall grant exemptions from the fee requirements of subsection 2 for receipt of solid waste meeting all of the following criteria:

- a. Receipt of the solid waste is pursuant to a written contract between the owner or operator of the sanitary landfill and another person.
- b. The contract was lawfully executed prior to January 1, 1987.
- c. The contract expressly prohibits an increase in the compensation or fee payable to the owner or operator of the landfill and does not allow voluntary cancellation or

renegotiation of the compensation or fee during the term of the contract.

d. The contract has not been amended at any time after January 1, 1987.

e. The owner or operator of the sanitary landfill applying for exemption demonstrates to the satisfaction of the department that good faith efforts were made to renegotiate the contract notwithstanding its terms, and has been unable to agree on an amendment allowing the fee provided in subsection 2 to be added to the compensation or fee provisions of the contract.

f. Applications for exemption must be submitted on forms provided by the department with proof of satisfaction of all criteria.

g. Notwithstanding the time specified within the contract, an exemption from payment of the fee increase requirements for a multiyear contract shall terminate by January 1, 1989.

NEW SUBSECTION. 8. In the case of a sanitary disposal project other than a sanitary landfill, no tonnage fee shall apply for five years beginning July 1, 1987 or for five years from the commencement of operation, whichever is later. By July 1, 1992, the department shall provide the general assembly with a recommendation regarding appropriate fees for alternative sanitary disposal projects.

Sec. 419. Section 4558.311, subsection 2, Code 1987, is amended to read as follows:

2. Grants shall only be awarded to a city or a county; however, a grant may be made to a central planning agency representing more than one city or county or combination of cities or counties for the purpose of planning and implementing regional solid waste management facilities or may be made to private or public agencies working in cooperation with a city or county. The department shall award grants, in accordance with the rules adopted by the commission, based

upon a proposal's reflection of the solid waste management policy and hierarchy established in section 455B.301A. Grants shall be awarded only for an amount determined by the department to be reasonable and necessary to conduct the work as set forth in the grant application. Grants may be awarded at a maximum cost-share level of ninety percent with a preference given for regional or shared projects and a preference given to projects involving environmentally fragile areas which are particularly subject to groundwater contamination. Grants shall be awarded in a manner which will distribute the grants geographically throughout the state.

Sec. 420. NEW SECTION. 4558.312 HASTE ABATEMENT PROGRAM.

1. If the department receives a complaint that certain products or packaging which when disposed of are incompatible with an alternative method of managing solid waste and with the solid waste management policy, the director shall investigate the complaint. If the director determines that the complaint is well-founded, the department shall inform the manufacturer of the product or packaging and attempt to resolve the matter by informal negotiations.

2. If informal procedures fail to result in resolution of the matter, the director shall hold a hearing between the affected parties. Following the hearing, if it is determined that removal of the product or packaging is critical to the utilization of the alternative method of disposing of solid waste, the director shall issue an order setting out the requirements for an abatement plan to be prepared by the manufacturer within the time frame established in the order.

If an acceptable plan is not prepared, the plan is not implemented, or the problem otherwise continues unabated, the attorney general shall take actions authorized by law to secure compliance.

Sec. 421. NEW SECTION. 18.18 STATE PURCHASES -- RECYCLED PRODUCTS.

1. When purchasing paper products, the department of general services shall, wherever the price is reasonably competitive and the quality intended, purchase the recycled product.

2. The department of general services, in conjunction with the department of natural resources, shall review the procurement specifications currently used by the state to eliminate, wherever possible, discrimination against the procurement of products manufactured with recovered materials.

3. The department of natural resources shall assist the department of general services in locating suppliers of recycled products and collecting data on recycled content purchases.

4. Information on recycled content shall be requested on all bids for paper products issued by the state and on other bids for products which could have recycled content such as oil, plastic products, compost materials, aggregate, solvents, and rubber products.

5. The department of general services, in conjunction with the department of natural resources, shall adopt rules and regulations to carry out the provisions of this section.

6. All state agencies shall fully cooperate with the departments of general services and natural resources in all phases of implementing this section.

Sec. 422. GROUNDWATER FUND EXISTING FEES.

All tonnage fees received by the department of natural resources pursuant to section 4558.310 and deposited in the groundwater fund and existing in the groundwater fund prior to December 31, 1987, shall be used for the following purposes:

1. Six centq of the twenty-five cents per ton deposited in the fund is appropriated to the waste management authority of the department of natural resources.

2. Fifty thousand dollars of the moneys in the fund is appropriated to the University of Northern Iowa for the fiscal

year beginning July 1, 1987, and ending June 30, 1988, for the establishment of the small business assistance center for the safe and economic management of solid waste and hazardous substances at the University of Northern Iowa.

3. The remainder of the moneys in the account are appropriated to the department of natural resources for the development of guidelines for groundwater monitoring at sanitary disposal projects as defined in section 4558.301, subsection 3.

PART FIVE "" HOUSEHOLD HAZARDOUS WASTE

Sec. 501. NEW SECTION. 455F.1 DEFINITIONS.

As used in this chapter unless the context otherwise requires:

1. "Department" means the department of natural resources.

2. "Commission" means the state environmental protection commission.

3. "Manufacturer" means a person who manufactures or produces a household hazardous material for resale in this state.

4. "Wholesaler" or "distributor" means a person other than a manufacturer or manufacturer's agent who engages in the business of selling or distributing a household hazardous material within the state, for the purpose of resale.

5. "Retailer" means a person offering for sale or selling a household hazardous material to the ultimate consumer, within the state.

6. "Display area label" means the signage used by a retailer to mark a household hazardous material display area as prescribed by the department of natural resources.

7. "Residential" means a permanent place of abode, which is a person's home as opposed to a person's place of business.

8. "Household hazardous material" means a product used for residential purposes and designated by rule of the department of natural resources and may include any hazardous substance

as defined in section 4558.411, subsection 3; and any hazardous waste as defined in section 4556.411, subsection 4; and shall include but is not limited to the following materials: motor oils, motor oil filters, gasoline and diesel additives, degreasers, waxes, polishes, solvents, paints, with the exception of Latex-based paints, lacquers, thinners, caustic household cleaners, spot and stain remover with petroleum base, and petroleum-based fertilizers. However, "household hazardous material" does not include laundry detergents or soaps, dishwashing compounds, chlorine bleach, personal care products, personal care soaps, cosmetics, and medications.

Sec. 502. NEW SECTION. 455F.2 POLICY STATEMENT.

It is the policy of this state to educate Iowans regarding the hazardous nature of certain household products, proper use of the products, and the proper methods of disposal of residual product and containers in order to protect the public health, safety, and the environment.

Sec. 503. NEW SECTION. 455F.3 LABELS REQUIRED.

1. A retailer shall affix a display area label, as prescribed by rule of the commission, in a prominent location upon or near the display area of a household hazardous material. If the display area is a shelf, and the price of the product is affixed to the shelf, the label shall be affixed adjacent to the price information.

2. The department shall develop, in cooperation with distributors, wholesalers, and retailer associations, and shall distribute to retailers a household hazardous products list to be utilized in the labeling of a display area containing products which are household hazardous materials.

3. A person found in violation of this section is guilty of a simple misdemeanor.

Sec. 504. NEW SECTION. 455F.4 CONSUMER INFORMATION BOOKLETS.

A retailer shall maintain and prominently display a booklet, developed by the department, in cooperation with manufacturers, distributors, wholesalers, and retailer associations and provided to retailers at departmental expense, which provides information regarding the proper use of household hazardous materials and specific instructions for the proper disposal of certain substance categories. The department shall also develop and provide to a retailer, at departmental expense, bulletins regarding household hazardous materials which provide information designated by rule of the commission. The retailer shall distribute the bulletins without charge to customers.

A manufacturer or distributor of household hazardous materials who authorizes independent contractor retailers to sell the products of the manufacturer or distributor on a person-to-person basis primarily in the customer's home, shall print informational lists of its products which are designated by the department as household hazardous materials. These lists of products and the consumer information booklets prepared in accordance with this section shall be provided by the manufacturer or distributor in sufficient quantities to each contractor retailer for dissemination to customers. During the course of a sale of a household hazardous material by a contractor retailer, the customer shall in the first instance be provided with a copy of both the list and the consumer information booklet. In subsequent sales to the same customer, the list and booklet shall be noted as being available if desired.

Sec. 505. NEW SECTION. 455P.5 DUTIES OF THE COMMISSION.

The commission shall:

1. Adopt rules which establish a uniform label to be supplied and used by retailers.

2. Adopt rules which designate the type and amount of information to be included in the consumer information booklets and bulletins.

Sec. 506. NEW SECTION. 4551.6 DUTIES OF THE DEPARTMENT.

The department shall:

1. Designate products which are household hazardous materials and, based upon the designations and in consultation with manufacturers, distributors, wholesalers, and retailer associations, develop a household hazardous product list for the use of retailers in identifying the products.
2. Enforce the provisions of this chapter and implement the penalties established.
3. Identify, after consulting with departmental staff and the listing of other states, no more than fifty commonly used household products which, due to level of toxicity, extent of use, nondegradability, or other relevant characteristic, constitute the greatest danger of contamination of the groundwater when placed in a landfill. The department may identify additional products by rule.
4. Submit recommendations to the general assembly regarding the products specified in subsection 1 which include but are not limited to the following:
 - a. Education of consumers regarding the danger incurred in disposal of the products, the proper disposal of the products, and the use of alternative products which do not present as great a disposal danger as the products specified.
 - b. Dissemination of information regarding the products specified.
 - c. Special labeling or stamping of the products.
 - d. A means for proper disposal of the products.
 - e. Proposed legislative action regarding implementation of recommendations concerning the products.

Sec. 507. NEW SECTION. 455F.J HOUSEHOLD HAZARDOUS MATERIALS PERMIT.

1. A retailer offering for sale or selling a household hazardous material shall have a valid permit for each place of business owned or operated by the retailer for this activity.

All permits provided for in this division shall expire on June 30 of each year. Every retailer shall submit an annual application by July 1 of each year and a fee of ten dollars based upon gross retail sales of up to fifty thousand dollars, twenty-five dollars based upon gross retail sales of fifty thousand dollars to three million dollars, and one hundred dollars based upon gross retail sales of three million dollars or more to the department of revenue and finance for a permit upon a form prescribed by the director of revenue and finance. Permits are nonrefundable, are based upon an annual operating period, and are not prorated. A person in violation of this section shall be subject to permit revocation upon notice and hearing. The department shall remit the fees collected to the household hazardous waste account of the groundwater protection fund. A person distributing general use pesticides labeled for agricultural or lawn and garden use with gross annual pesticide sales of less than ten thousand dollars is subject to the requirements and fee payment prescribed by this section.

2. A manufacturer or distributor of household hazardous materials, which authorizes retailers as independent contractors to sell the products of the manufacturer or distributor on a person-to-person basis primarily in the customer's home, may obtain a single household hazardous materials permit on behalf of its authorized retailers in the state, in lieu of individual permits for each retailer, and pay a fee based upon the manufacturer's or distributor's gross retail sales in the state according to the fee schedule and requirements of subsection 1. However, a manufacturer or distributor which has gross retail sales of three million dollars or more in the state shall pay an additional permit fee of one hundred dollars for each subsequent increment of three million dollars of gross retail sales in the state, up to a maximum permit fee of three thousand dollars.

Sec. 508. NEW SECTION. 455P.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 submission to the general assembly.

Sec. 509. NEW SECTION. 455P.9 EDUCATION PROGRAM.

In addition to the "Toxic Cleanup Days" program the department shall implement a public information and education program regarding the use and disposal of household hazardous materials. The program shall provide appropriate information concerning the reduction in use of the materials, including the purchase of smaller quantities and selection of alternative products. The department shall cooperate with existing educational institutions, distributors, wholesalers, and retailers, and other agencies of government and shall enlist the support of service organizations, whenever possible, in promoting and conducting the programs in order to effectuate the household hazardous materials policy of the state.

Sec. 510. NEW SECTION. 455P.10 PENALTIES.

Any person violating a provision of this chapter or a rule adopted pursuant to this chapter is guilty of a simple misdemeanor.

Sec. 511. COLLECTION OF USED MOTOR OIL -- PILOT PROJECT.

The state department of transportation, in cooperation with the department of natural resources and the Iowa State University of science and technology center for industrial research and service, shall institute a pilot project to collect and dispose of used motor oil from residences and farms in one urban county and one rural county by October 1, 1987.

The state department of transportation shall promote community participation; provide collection sites and facilities; prescribe procedures for each collection site, including the amount of used motor oil to be accepted from a household or farm, and measures necessary to assure maintenance of a sanitary collection site environment; arrange for proper used oil disposal; and report to the general assembly by March 1, 1988, regarding the progress on the pilot project. The report shall include the cost of the project,

the amount of used motor oil collected, and any other relevant data gathered by the participating agencies.. The state department of transportation shall recommend in the report to the general assembly whether the program should be continued, expanded, modified, or discontinued.

The department of natural resources shall assist the state department of transportation in promoting the pilot project and in applying any state or federal environmental regulations to the pilot project. The Iowa State University of science and technology center for industrial research and service shall coordinate research on establishing the waste stream for used motor oil, investigate alternative disposal methods, and coordinate research with other states' research projects on used motor oil collection and disposal.

, This section is repealed July 1, 1989.

Sec. 512. NEW SECTION. 455F.12 RECYCLING AND RECLAMATION PROGRAMS

Up to eighty thousand dollars of the moneys deposited in the household hazardous waste account shall be allocated to the department of natural resources for city, county, or service organization projects relative to recycling and reclamation events. A city, county, or service organization shall submit a competitive grant to the department of natural resources by April 1 for approval by the department no later than May 15.

PART SIX -- STORAGE TANK MANAGEMENT

Sec. 601. Section 507D.3, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 6. An assistance program for the facilitation of insurance and financial responsibility coverage for owners and operators of underground storage tanks which store petroleum shall not be affected by the prohibitions of subsections 2 and 3.

Sec. 602. PLAN OF OPERATIONS PROGRAM. The division of insurance of the department of commerce, in conjunction with the department of natural resources and private industry, shall, no later than September 15, 1987, create a plan of operations program for the development of state or private funds to satisfy the requirements of the federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., regarding the financial responsibility of an owner or operator of an underground storage tank which stores petroleum.

The program shall include, but is not limited to, the following elements:

1. The establishment of a pool of insurers sufficient to manage all anticipated participants required to obtain and maintain evidence of financial responsibility in the amounts of one million dollars for corrective action and one million dollars for the compensation of third parties for property damage and bodily injury.

2. The establishment of the mechanism for election of the pool administrator by the participating industry.

3. The establishment of a plan of operations, through the administrator, including but not limited to the following items:

- a. Collection of administrative expenses.
- b. A claims process and defense system.
- c. An actuarial review.

d. A determination of rate classifications which reflect the tank standards and monitoring devices maintained by an individual owner or operator, which in addition to a daily inventory system include but are not limited to the following:

- (1) Secondary containment consisting of double wall construction and provided with a device to monitor the interstitial space between the secondary and primary containment structures.

(2) Secondary containment consisting of single wall construction and a man-made liner, and groundwater monitoring wells.

(3) Single wall construction and groundwater monitoring wells.

(4) Any type of tank construction and sniffer wells and an additional monitoring system.

e. A policyholder service system.

f. The billing, collecting, and investment of premiums.

4. The mechanism by which owners or operators who can demonstrate financial responsibility pursuant to the federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., may establish exempt status from participation in the program.

Sec. 603. COMMITTEE CREATED -- DUTIES. The legislative council shall create a legislative committee which shall meet within thirty days following the issuance of the plan of operations program. The committee shall be composed of two senators, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate; two representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives; one representative of petroleum storage tank owners and operators; and one representative of the petroleum industry.

The committee shall, on or before January 1, 1988, prepare proposed legislation for the implementation of the program to be enacted and implemented on or before May 1, 1988. The proposed legislation shall include:

1. The cost of participation of an individual owner or operator based upon the following:

a. The base premium rate determined by the actuarial data.

b. The amount of subsidization of the premium by the state, based on daily inventory and upon the storage tank

standards and inventory monitoring systems maintained by an individual owner or operator. The state subsidization of the premium shall be based upon a sliding fee schedule which may reflect the following criteria:

(1) Tanks with secondary containment consisting of double wall construction and provided with a device to monitor the interstitial space between the secondary and primary containment structures.

(2) Tanks with secondary containment consisting of single wall construction and a man-made liner, and provided with groundwater monitoring wells.

(3) Tanks with single wall construction and groundwater monitoring wells.

(4) Tanks with any type of construction and sniffer wells and an additional monitoring system.

2. The funding source for subsidization, which may be, but is not limited to, the following:

a. An increase in the annual storage tank fee.

b. An annual tank assessment fee.

c. A pump inspection fee, paid by fuel dealers.

d. Federal environmental protection agency grants.

3. The management of the plan and the funds, whether the plan is profitable or operates at a loss.

4. The mechanism by which owners or operators who can demonstrate financial responsibility pursuant to the federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., may establish exempt status from participation in the program.

Sec. 604. Section 4558.473, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. An owner or operator of a storage tank described in section 4558.471, subsection 6, paragraph "a", which brings the tank into use after July 1, 1987, shall notify the department of the existence of the tank within

thirty days. The registration of the tank shall be accompanied by a fee of ten dollars to be deposited in the storage tank management account. A tank which is existing before July 1, 1987, shall be reported to the department by July 1, 1989. Tanks under this section installed on or following July 1, 1987, shall comply with underground storage tank regulations adopted by rule by the department.

NEW SUBSECTION. 8. It shall be unlawful to deposit a regulated substance in an underground storage tank which has not been registered pursuant to subsections 1 through 5.

The department shall furnish the owner or operator of an underground storage tank with a registration tag for each underground storage tank registered with the department. The owner or operator shall affix the tag to the fill pipe of each registered underground storage tank. A person who conveys or deposits a regulated substance shall inspect the underground storage tank to determine the existence or absence of the registration tag. If a registration tag is not affixed to the underground storage tank fill pipe, the person conveying or depositing the regulated substance may deposit the regulated substance in the unregistered tank provided that the deposit is allowed only in the single instance, that the person reports the unregistered tank to the department of natural resources, and that the person provides the owner or operator with an underground storage tank registration form and informs the owner or operator of the underground storage tank registration requirements. The owner or operator is allowed fifteen days following the report to the department of the owner's or operator's unregistered tank to comply with the registration requirements. If an owner or operator fails to register the reported underground storage tank during the fifteen-day period, the owner or operator shall pay a fee of twenty-five dollars upon registration of the tank.

Sec. 605. Section 455E.473, subsection 4, Code 1987, is amended to read as follows:

4. The notice of the owner or operator to the department under subsections 1 through 3 shall be accompanied by a fee of five ten dollars for each tank included in the notice. A ~~separate fund is created in the state treasury, the receipts of which are appropriated to pay the administrative expenses of the department incurred under this part. All fees collected by the department under this subsection shall be credited to the fund. The unobligated or unencumbered balance in the fund as of June 30 of each year shall be transferred to the hazardous waste remedial fund. All moneys collected shall be deposited in the storage tank management account of the groundwater protection fund created in section 455E.11. All moneys collected pursuant to this section prior to July 1, 1987, which have not been expended, shall be deposited in the storage tank management account.~~

Sec. 606. Section 4550.474, subsection 2, Code 1987, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. If an owner or operator is required to uncover or remove an underground storage tank based upon a determination of the department that the underground storage tank presents a hazard to the public health, safety, or the environment, and if upon inspection of the tank the determination is unfounded, the state may reimburse reasonable costs incurred in the inspection of the tank. Claims for reimbursement shall be filed on forms provided by the commission. The commission shall adopt rules pursuant to chapter 17A relating to determinations of reasonableness in approval or rejection of claims in cases of dispute. Claims shall be paid from the general fund of the state. When any one of the tanks or the related pumps and piping at a multiple tank facility are found to be leaking, the state shall not reimburse costs for uncovering or removing any of the other tanks, piping, or pumps that are not found to be leaking.

Sec. 607. NEW SECTION. 455B.479 STORAGE TANK MANAGEMENT FEE.

An owner or operator of an underground storage tank shall pay an annual storage tank management fee of fifteen dollars per tank of over one thousand one hundred gallons capacity. The fees collected shall be deposited in the storage tank management account of the groundwater protection fund.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 631, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HOUSE FILE 671

AN ACT

RELATING TO THE FINANCING OF PUBLIC AGENCIES AND PROGRAMS BY MAKING APPROPXIATIONS TO AGENCIES, BOARDS, COMMISSIONS, DEPARTMENTS, AND PROGRAMS OF STATE GOVERNMENT FOR HEALTH AND HUMAN RIGHTS, HUMAN SERVICES, THE JUDICIAL BRANCH, THE DEPARTMENT OF JUSTICE, THE DEPARTMENT OF CORRECTIONS, THE BOARD OF PAROLE, THE AUDITOR OF STATE, CAMPAIGN FINANCE, EMPLOYMENT SERVICES, INSPECTIONS AND APPEALS, EMPLOYMENT RELATIONS, AND COMMERCE, RELATING TO HUMAN ORGAN AND TISSUE TRANSPLANTS, BY PROVIDING FOR USE OF CERTAIN FUNDS FROM A SEPARATE FUND FROM CIVIL PENALTIES FOR CERTAIN VIOLATIONS, BY PROVIDING FOR THE REPEAL OF THE DIVISION OF CHILDREN, YOUTH; AND FAMILIES IN THE DEPARTMENT OF HUMAN RIGHTS, BY TRANSFERRING THE GAMING DIVISION TO THE DEPARTMENT OF INSPECTIONS AND APPEALS, RELATING TO THE PROTECTION AND ADVOCACY DESIGNATED IN THE STATE, BY PROVIDING FOR BUDGET REDUCTIONS FOR CERTAIN AGENCIES, AND PROVIDING EFFECTIVE DATES:

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I
HEALTH AND HUMAN RIGHTS

Section 101. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987, and ending June 30, 1988. the following amount, or so much thereof as is necessary, to be used by the following agency for the purposes designated:

1987-1988
Fiscal Year

1. IOWA STATE CIVIL RIGHTS COMMISSION
For salaries and support of

not more than thirty-one full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 818,661

2. It is the intent of the general assembly that the Iowa state civil rights commission, in the operation of its law enforcement functions, shall conform its activities to the mission, goals, and objectives specified in subsection 3 and collect information pertaining to performance measures which are developed by the legislative fiscal bureau. The commission shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the health and human rights appropriations subcommittee on the performance measures. The commission shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

3. The Iowa state civil rights commission exists to eliminate discrimination and establish equality and justice for all persons within the state through enforcement of the law by processing civil rights complaints in a timely manner to accomplish the following objectives:

a. To receive, investigate, and determine the merits of a complaint alleging unfair or discriminatory practices within a one hundred eighty day time period.

(1) After the filing of a verified complaint, the staff shall communicate with the person against whom the complaint is filed within twenty days.

(2) The staff shall screen a case within seventy days from the time the complainant and respondent have received the commission's questionnaire concerning the case.

(3) The staff shall investigate a case within ninety days after the completion of the screening process.

b. To determine whether a case should go to public hearing upon failure of conciliation after thirty days following the

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initial conciliation meeting between the respondent and the commission staff. The determination shall be made by the director and one commissioner. The staff must try to conciliate a case within thirty days after the initial conciliation meeting.

c. To issue a notice of public hearing within thirty days after there is a determination that the case should proceed to public hearing. The commission shall issue the notice.

d. To schedule the public hearing on the calendar within ninety days from the issuance of a notice of public hearing.

e. To issue the proposed decision within sixty days from the date of receipt of the public hearing transcript.

C. To review the decision at a commission meeting within one hundred twenty days from the date of receipt of the recommended decision of the hearing officer.

4. The goals and objectives provided in subsection 3 shall serve as targets for the commission and each report shall include a summary of progress toward those goals and objectives. Failure of the commission to meet the performance goal shall not be grounds for legal action against the commission, nor shall it serve as a legislative definition of "prompt" as it is used in section 601A.15, subsection 3, nor shall it serve as a defense in any civil rights case.

Sec. 102. There is appropriated from the general fund of the state to the department of human rights for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. CENTRAL ADMINISTRATION
DIVISION

a. For salaries and support of not more than four full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds

appropriated in this item shall revert to the general fund of the state unless section 6011.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the ~~gover~~..... \$ 140,324

b. For programs and assistance to encourage family self-sufficiency, as specified, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 6011.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the ~~gover~~..... \$ 600,000

(1) Of the funds appropriated in this paragraph fifty thousand (50,000) dollars shall be used for model service Coordination grants for political subdivisions or community-based nonprofit organization except community action agencies.

The purpose of the service coordination grants is to develop demonstration projects in local communities to coordinate and Cocus services for low-income or high-risk families in order to bring the families out of poverty. The department shall create a task force to develop guidelines for the grant application process and review the grant applications. The task force shall recommend to the department specific grantees and the amounts and conditions of their grants. The department shall make final decisions regarding the grantees and grants.

The application shall include information as to: .

(i) Targeted populations in the community, including families in need of multiple services or who have required services within the two years prior to the initiation of the proposed project.

(ii) Services to be coordinated, which shall include but are not limited to preschool programs, health programs, child care programs, parent education programs, and job training opportunities.

(iii) The mechanism which will demonstrate the outcome of the coordination of services, with specific criteria for evaluation.

(iv) Indications of the coordination level and services existing prior to the initiation of the proposed project, and an explanation of how the proposed project will improve the coordination of services and the status of the families.

A grant shall not exceed thirty thousand dollars. Projects shall be replicable in other Iowa communities.

(2) Of the funds appropriated in this paragraph four hundred, eighty-five thousand (485,000) dollars shall be used for community action agencies to establish family development teams.

The department shall designate an appropriate number of family development teams within the community action agencies. Available funding for the family development teams is determined after each team submits a request for proposal, which shall include information relating to the program as specified by the department. The department shall require that the funds be used in such a manner as to maximize federal financial participation and may encourage use of funds as state match to apply for federal demonstration projects. Preference shall be given to projects where local governments participate in the financing of such service. The department shall make final decisions regarding the grants. The family development programs shall encourage family economic self-sufficiency and independence from public assistance programs. Each family development team shall have between two and ten individuals, experienced in nurturing relationships within families, identifying barriers to self-sufficiency, collaborating with families to establish goals for

independence from public assistance, facilitating use of resources, and serving as a source of family emotional support.

(3) Of the funds appropriated in this paragraph no more than fifty thousand (50,000) dollars shall be used for support staff, in addition to the full-time equivalents specified for the department, administration, and supervision of evaluation of the approved programs and grants under this paragraph as specified in subparagraph (5), in addition to other responsibilities within the department of human rights.

(4) Of the funds appropriated in this paragraph no more than fifteen thousand (15,000) dollars shall be used for a contract for evaluation services with Iowa State University of science and technology for review of approved programs and grants specified in subparagraphs (1) and (2). The evaluation under the contract shall measure effectiveness in reaching the goals specified for the programs and grants.

(5) Each approved program and grant shall submit to an evaluation conducted by the department, in coordination with the contractee specified in subparagraph (4). The evaluation shall include consideration of the extent to which families are kept together or brought back together, the extent to which families become self-sufficient and are no longer dependent upon public assistance programs, the extent to which coordination exists between approved programs and grants specified in subparagraphs (1) and (2) when feasible and between such approved programs and grants and community and local resources, and the extent to which such programs and grants have brought families out of poverty.

The coordinator of the department of human rights shall act as the legislative liaison for the department. The full-time equivalent position having legislative liaison responsibilities during the fiscal year beginning July 1, 1986 shall be eliminated and that full-time equivalent position shall be the fiscal officer of the department.

2. SPANISH-SPEAKING

PEOPLE DIVISION

For salaries and support of not more than one and five-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor\$ 57,545

3. PERSONS WITH DISA-

BILITIES DIVISION

For salaries and support of not more than three full-time equivalent positions annually, maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor \$ 126,095

4. STATUS OF WOMEN DIVISION

For salaries and support of not more than two and eight-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes. provided that the funds appropriated in this

item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly. 1987 Session, and such repeal is approved by the governor\$ 106,006

5. CHILDREN, YOUTH, AND FAMILIES DIVISION

For salaries and support Of not more than five and five-tenths equivalent positions annually, maintenance and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor, and for program administration of juvenile justice and victim assistance \$ 130,260

Of the funds appropriated in this subsection, no less than thirty-six thousand (36,000) dollars shall be spent for expenses relating to the administration of federal funds for juvenile assistance. It is the intent of the general assembly that the department of human rights employ sufficient staff to meet the federal funding match requirements established by the federal office for juvenile justice delinquency prevention. The governor's advisory council on juvenile justice shall determine the staffing level necessary to carry out federal and state mandates for juvenile justice.

6. DEAF SERVICES DIVISION

For salaries and support of not more than eight full-time equivalent positions annually,

maintenance, and miscellaneous purposes, provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor

..... \$ 230,869

7.- DIVISION FOR THE BLIND

For salaries and support of not more than one hundred four and fifty-nine one-hundredths full-time equivalent positions annually, maintenance, and miscellaneous purposes., provided that the funds appropriated in this item shall revert to the general fund of the state unless section 601K.128, Code 1987, is repealed by the Seventy-second General Assembly, 1987 Session, and such repeal is approved by the governor

..... \$ 1,254,916

Sec. 103. There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

1. For salaries and support of not more than thirty and five-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes

..... \$ 335,001

It is the intent of the general assembly that the department employ an alternative housing/long-term care coordinator as one of the full-time equivalent positions.

This appropriation amount shall be reduced by six thousand (6,000) dollars if the 1987 general assembly does not enact legislation requiring mandatory reporting of adult abuse.

- 2. For the administration of area agencies on aging \$ 114,248
- 3. For salaries, support, and maintenance of the elder law education program \$ 95,000
- 4. For the retired Iowans community employment program \$ 104,865
- 5. For the older Iowans legislature \$ 12,953
- 6. For the retired seniors volunteer program \$ 14,278

All of the funds appropriated under subsection 6 shall be divided equally among the programs in existence as of July 1, 1987, and shall not be used by the department for administrative purposes.

- 7. For the Alzheimer's disease support program \$ 70,000

All funds appropriated under subsection 7 shall be used for training and education programs for families serving as caregivers for Alzheimer's disease victims and shall not be used for administrative purposes.

- 8. For elderly services programs \$ 1,077,195

All funds appropriated under this subsection shall be received and disbursed by the director of elder affairs for the elderly services program, shall not be used for administrative purposes, and shall be used for citizens of Iowa over sixty-five years of age for chore, telephone reassurance, adult day care, and home repair services,

including the winterizing of homes, and for the construction of entrance ramps which meet the requirements of section 104A.4 and make residences accessible to the physically handicapped. Funds appropriated under this subsection may be used to supplement federal funds under federal regulations. Funds appropriated under this subsection may be used for elderly services not specifically enumerated in this subsection only if approved by an area agency for provision of the service within the area.

Of the funds appropriated in this subsection, fifty thousand (50,000) dollars or so much thereof as is necessary, are allocated for a respite care program, administered by the department of elder affairs.

Area agencies on aging shall expend no less than the same amount expended on adult day care programs in the fiscal year beginning July 1, 1987 than during the fiscal year beginning July 1, 1986. At least one hundred twenty-five thousand (125,000) dollars of the funds appropriated in subsection 8 shall be expended on program related to adult day care not funded by an area agency on aging during the fiscal year beginning July 1, 1986.

Sec. 104. There is appropriated from the general fund of the state to the department of elder affairs for the fiscal year beginning July 1, 1986 and ending June 30, 1987, the sum of seventy-five thousand (75,000) dollars, or so much thereof as is necessary, for the purchase and support of a mobile resource center for the elder law education program.

Sec. 105. There is appropriated from the general fund of the state to the Iowa department of public health for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

1. CENTRAL ADMINISTRATION

DIVISION

For salaries and support of not more than fifty-three full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 820,082

2. HEALTH PLANNING DIVISION

For salaries and support of not more than sixteen and five-tenths equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,340,695

The department shall allocate from the funds appropriated under this subsection eight hundred ninety-five thousand forty-one (895,041) dollars for the fiscal year beginning July 1, 1987, for the chronic renal disease program. The types of assistance to eligible recipients under the program may include hospital and medical expenses, home dialysis supplies, insurance premiums, travel expenses, prescription and nonprescription drugs, and lodging expenses for persons in training. The program expenditures shall not exceed these allocations. If projected expenditures will exceed the allocations, the department shall establish by administrative rule a mechanism to reduce financial assistance under the renal disease program in order to keep expenditures within the allocations.

3. DISEASE PREVENTION

DIVISION

For salaries and support of not more than fifty-seven and six-tenths full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 1,581,738

The department shall develop a written plan for the distribution of childhood vaccines. The plan shall identify

the public agencies authorized to receive, administer, and dispense the vaccines and shall encourage the public agencies to set up a voluntary system to defray the costs of the vaccine program. A public agency shall not prohibit a person from receiving the vaccine because of inability to pay the fee.

4. PROFESSIONAL LICENSURE

For salaries and support of not more than eleven full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 45,60

5. STATE BOARD OF DENTAL EXAMINERS

For salaries and support of not more than two full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 115,848

6. STATE BOARD OF MEDICAL EXAMINERS

For salaries and support of not more than eighteen full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 834,648

7. STATE BOARD OF NURSING EXAMINERS

For salaries and support of not more than fifteen full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 535,958

8. STATE BOARD OF PHARMACY EXAMINERS

For salaries and support of

not more than nine full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 372,995

Professional licensure pursuant to subsection 4 and the boards pursuant to subsections 5 through 8 shall prepare estimates of projected receipts to be generated by the licensing, certification, and examination fees of each board as well as a projection of the fairly apportioned administrative costs and rental expenses attributable to each board. Each board shall annually review and adjust its schedule of fees so that, as nearly as possible, projected receipts equal projected costs.

It is the intent of the general assembly that for the fiscal year beginning July 1, 1988, and succeeding fiscal years, the state board of dental examiners, the state board of medical examiners, the state board of pharmacy examiners, the state board of nursing, and the professional licensure division of the Iowa department of public health be required to establish special accounts for each board and for the boards under the licensure division for the fees received by each board or division and for expenses of each board or division. The funds in the accounts shall not be expended until appropriated by the general assembly. The general assembly shall assess an administrative amount from each account for deposit into the general fund of the state. Notwithstanding sections 8.31 and 8.33, the funds in each of these accounts shall not revert to the general fund of the state nor be subject to a uniform reduction action taken by the governor.

9. SUBSTANCE ABUSE DIVISION

a. For salaries and support of not more than eleven full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 177,511

b. For program grants \$ 6,931,120

10. HEALTH DATA COMMISSION

For the health data clearing-house \$ 250,000

As a condition of the funds appropriated in this subsection the health data commission shall compile data from each state that includes the professional education and training requirements, scope of practice and method of insurance reimbursement for each of the health care professions which are licensed in the state of Iowa. The health data commission shall consult with the legislative council for the purposes of this study and shall issue a summary of its findings by December 1, 1987.

11. FAMILY AND COMMUNITY HEALTH DIVISION

a. For salaries and support of not more than sixty-five full-time equivalent positions annually, maintenance, and miscellaneous purposes \$ 2,147,108

The department shall allocate from the funds appropriated under this paragraph at least six hundred twenty-two thousand nine hundred eight (622,908) dollars for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the birth defects and genetics counseling program and of these funds, thirty-nine thousand six hundred (39,600) dollars shall be allocated for a central birth defects registry program.

Of the funds appropriated under this paragraph fifty thousand (50,000) dollars shall be used for a lead abatement program.

Of the funds appropriated in this paragraph, the following amounts shall be allocated to the University of Iowa hospitals add clinics under the control of the state board of regents for the following programs under the Iowa specialized child health care services:

(1) Mobile and regional child health specialty clinics \$ 308,411
(2) Muscular dystrophy and related genetic disease programs \$ 125,322
(3) Statewide perinatal program \$ 41,635

The birth defects and genetic counseling service shall apply a sliding fee scale to determine the amount a person receiving the services is required to pay for the services. There fees shall be considered repayment receipts and used for the program.

Of the funds allocated to the mobile and regional child health speciality clinics under subparagraph (1) of this paragraph, sixty-eight thousand five hundred thirty-six (68,536) dollars shall be used for a specialized medical home care program providing care planning and coordination of community support services for children who require technical medical care in the home.

The University of Iowa hospitals and clinics shall not receive indirect costs from the funds for each program.

The Iowa department of public health shall administer the statewide maternal and child health program and the crippled children's program by conducting mobile and regional child health specialty clinics and conducting other activities to improve the health of low-income women and children and to promote the welfare of children with actual or potential handicapping conditions and chronic illnesses in accordance with the requirements of Title V of the Social Security Act.

b. Sudden infant death syndrome autopsies.

For reimbursing counties for expenses resulting from autopsies of suspected victims of sudden infant death syndrome. required under section 331.802,

subsection 3, paragraph "j" \$ 14,278
 c. For grants to local boards
 of health for the public health
 nursing program \$ 2,147,659

Funds appropriated under this paragraph shall be used to maintain and expand the existing public health nursing program for elderly and low-income persons with the objective of preventing or reducing inappropriate institutionalization. The funds shall not be used for any other purpose. As used in this paragraph, "elderly person" means a person who is sixty years of age or older and "low-income person" means a person whose income and resources are below the guidelines established by the department.

One-fourth of the total amount to be allocated shall be divided so that an equal amount is available for use in each county in the state. Three-fourths of the total amount to be allocated shall be divided so that the share available for use in each county is proportionate to the number of elderly and low-income persons living in that county in relation to the total number of elderly and low-income persons living in the state.

In order to receive allocations under this paragraph, the local board of health having jurisdiction shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded public health nursing care to elderly and low-income persons in the jurisdiction. After approval of the proposal by the department, the department shall enter into a contract with the local board of health. The local board of health shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, or a suitable local governmental body to use the allocated funds to provide public health nursing care. Local boards of health shall make an effort to prevent duplication of services.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. If the unallocated pool is fifty thousand dollars or more it shall be reallocated to the counties in substantially the same manner as the original allocations. The reallocated funds are available for use in those counties during the period beginning January 1 and ending June 30 of each fiscal year. If the unallocated pool is less than fifty thousand dollars, the department may allocate it to counties with demonstrated special needs for public health nursing.

The department shall maintain rules governing the expenditure of funds appropriated by paragraph "d". The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the care.

The department shall annually evaluate the success of the public health nursing program. The evaluation shall include the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program increased the availability of public health nursing care to elderly and low-income persons, and the extent of public health nursing care provided to elderly and low-income persons. The department shall submit a report of each annual evaluation to the governor and the general assembly.

d. For grants to county boards
 of supervisors for the homemaker-
 home health aide program \$ 7,323,869

Funds appropriated under this paragraph shall be used to provide homemaker-home health aide services with emphasis on services to elderly and persons below the poverty level and children and adults in need of protective services with the objective of preventing or reducing inappropriate institutionalization. In addition, up to fifteen percent of

the funds appropriated under this paragraph may be used to provide chore services. The funds shall not be used for any other purposes. As used in this paragraph:

(1) "Chore services" means services provided to individuals or families, who, due to absence, incapacity, or illness, are unable to perform certain home maintenance functions. The services include but are not limited to yard work such as mowing lawns, raking leaves, and shoveling walks; window and door maintenance such as hanging screen windows and doors; replacing window panes, and washing windows; and minor repairs to walls, floors, stairs, railings, and handles. It also includes heavy house cleaning which includes cleaning attics or basements to remove fire hazards, moving heavy furniture, extensive wall washing, floor care or painting, and trash removal.

(2) "Elderly person" means a person who is sixty years of age or older.

(3) "Homemaker-home health aide services" means services intended to enhance the capacity of household members to attain or maintain the independence of the household members and provided by trained and supervised workers to individuals or families, who, due to the absence, incapacity, or limitations of the usual homemaker, are experiencing stress or crisis. The services include but are not limited to essential shopping, housekeeping, meal preparation, child care, respite care, money management and consumer education, family management, personal services, transportation and providing information, assistance, and household management.

(4) "Low-income person" means a person whose income and resources are below the guidelines established by the department.

(5) "Protective services" means those homemaker-home health aide services intended to stabilize a child's or an adult's residential environment and relationships with relatives, caretakers, and other persons or household members

in order to alleviate a situation involving abuse or neglect or to otherwise protect the child or adult from a threat of abuse or neglect.

The amount appropriated under this paragraph shall be allocated for use in the counties of the state. Fifteen percent of the amount shall be divided so that an equal amount is available for use in each county in the state. The following percentages of the remaining amount shall be allocated to each county according to that county's proportion of residents with the following demographic characteristics: sixty percent according to the number of elderly persons living in the county; twenty percent according to the number of persons below the poverty level living in the county; and twenty percent according to the number of substantiated cases of child abuse in the county during the three most recent fiscal years for which data is available.

In order to receive allocations under this paragraph, the county board of supervisors, after consultation with the local boards of health, county board of social welfare, area agency on aging advisory council, local office of the department of human services, and other in-home health care provider agencies in the jurisdiction, shall prepare a proposal for the use of the allocated funds available for that jurisdiction that will provide the maximum benefits of expanded homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services in the jurisdiction. The proposal may provide that a maximum of fifteen percent of the allocated funds will be used to provide chore services. The proposal shall include a statement assuring that children and adults in need of protective services are given priority for homemaker-home health aide services and that the appropriate local agencies have participated in the planning for the proposal. After approval of the proposal by the department, the department shall enter into a contract with the county board of supervisors or a

governmental body designated by the county board of supervisors. The county board of supervisors or its designee shall subcontract with a nonprofit nurses' association, an independent nonprofit agency, the department of human services, or a suitable local governmental body to use the allocated funds to provide homemaker-home health aide services and chore services providing that the subcontract requires any service provided away from the home to be documented in a report available for review by the department, and that each homemaker-home health aide subcontracting agency shall maintain the direct service workers' time assigned to direct client service at seventy percent or more of the workers' paid time and that no more than thirty-five percent of the total cost of the service be in the combined costs for service administration and agency administration. The subcontract shall require that each homemaker-home health aide subcontracting agency shall pay the employer's contribution of Social Security and provide workers' compensation coverage for persons providing direct homemaker-home health aide service and meet any other applicable legal requirements of an employer/employee relationship.

If by July 30 of each fiscal year, the department is unable to conclude contracts for use of the allocated funds in a county, the department shall consider the unused funds appropriated under this paragraph an unallocated pool. The department shall also identify any allocated funds which the counties do not anticipate spending during each fiscal year. If the anticipated excess funds to any county are substantial, the department and the county may agree to return those excess funds, if the funds are other than program revenues, to the department, and if returned, the department shall consider the returned funds a part of the unallocated pool. The department shall prior to February 15 of each fiscal year, reallocate the funds in the unallocated pool among the counties in which the department has concluded contracts under this paragraph. The

department shall also review the first ten months' expenditures for each county in May of each year, to determine if any counties have contracted funds which they do not anticipate spending. If such funds are identified and the county agrees to release the funds, the released funds will be considered a new reallocation pool. The department may, prior to June 1 of each year, reallocate funds from this new reallocation pool to those counties which have experienced a high utilization of protective service hours for children and dependent adults.

The department shall maintain rules governing the expenditure of funds appropriated by this paragraph. The rules require each local agency receiving funds to establish and use a sliding fee scale for those persons able to pay for all or a portion of the cost of the services and shall require the payments to be applied to the cost of the services. The department shall also maintain rules for standards regarding training, supervision, recordkeeping, appeals, program evaluation, cost analysis, and financial audits, and rules specifying reporting requirements.

The department shall annually evaluate the success of the homemaker-home health aide program. The evaluation shall include a description of the program and its implementation, the extent of local participation, the extent to which the program reduced or prevented inappropriate institutionalization, the extent to which the program provided or increased the availability of homemaker-home health aide services to elderly and low-income persons and children and adults in need of protective services, any problems and recommendations concerning the program, and an analysis of the costs of services across the state. The department shall submit a report of the annual evaluation to the governor and the general assembly.

e. For the development and maintenance of well-elderly clinics in

the state \$ 380,957

Appropriations made in this paragraph shall be provided to well-elderly clinics by a formula prioritizing clinics located in counties which provide funding on a matching basis for the well-elderly clinics.

f. For the decentralized indigent obstetrical patient program \$ 700,000

Sec. 106. NEW SECTION. 135.100 ORGAN TRANSPLANT SERVICES.

The Iowa department of public health shall adopt rules which require certificate of need review of organ transplant services which have been or will be performed in or through an institutional health facility at a specific time but which were not performed for that specific organ prior to July 1, 1987. Organ transplant services shall not include transplant services which are routinely performed in the course of ordinary operative procedures in institutional health facilities. Each type of organ transplant shall be considered separately.

Sec. 107. NEW SECTION. 1428.1 TRANSPLANT POLICY.

1. The department of human services and the Iowa department of public health shall create a thirteen-member commission to develop a written state plan for human organ and tissue transplants in this state and to make recommendations to the general assembly regarding appropriate legislation.

The membership of the commission shall include one member from each of the following organizations or industries, who shall be appointed from names submitted by the insurance industry, health policy corporation of Iowa, Iowa medical society, Iowa osteopathic medical association, and the Iowa nurses association. The Iowa hospital association shall submit the names of three representatives from separate, designated transplant centers. The Iowa department of public health and the department of human services shall jointly appoint a representative from one voluntary nonprofit

organization interested in organ transplant procedures and one from the bureau of medical services of the department of human services, and three consumer representatives. The consumer representatives may receive actual expenses incurred as commission members, from funds appropriated to the department of human services.

2. The state plan shall consider policies and procedures for organ and tissue procurement, registration, and distribution, and the distribution plan shall guarantee equal access and availability to donor organs by each center; organ recipient selection criteria: transplant center designation and eligibility; and informed consent and confidentiality. The plan shall also address protocol to be adopted by each licensed hospital for identifying medically suitable organ and tissue donors, for designating and training persons within the hospital to make organ and tissue donor requests, for notifying organ and tissue procurement organizations of donations, and for cooperating in the procurement of the organ and tissue. The plan shall recognize the need for protocol which meets the special circumstances of different hospitals throughout the state and encourages reasonable discretion and sensitivity to family circumstances in all discussions regarding donations of organs and tissues.

3. The state plan shall designate those transplant procedures eligible for reimbursement under Title XIX. It is the policy of this state that Title XIX reimbursement shall be limited to nonexperimental human organ and tissue transplantation procedures and services as provided under Title XVIII of the federal Social Security Act. For the purposes of this section, "nonexperimental human organ and tissue transplantation procedures and services" shall be those so designated by Title XVIII of the federal Social Security Act, and heart transplants and services for patients so long as patient selection policies of the center satisfactorily address the elements of the most recent patient selection guidelines adopted by Title XVIII.

The commission shall adopt the state plan by January 1, 1988, at which time the department of human services shall adopt administrative rules pursuant to chapter 17A to implement the state plan. The Iowa department of public health shall adopt rules addressing organ donor protocols for hospitals. Until such time as such rules are adopted, the department of human services shall adopt emergency rules for reimbursements of transplant services under Title XIX for those procedures defined as nonexperimental under Title XVIII of the federal Social Security Act. For the purposes of this section, "nonexperimental human organ and tissue transplantation procedure and services" shall be those so designated by Title XVIII of the federal Social Security Act, and heart transplants and services for patients so long as patient selection policies of the center satisfactorily address the elements of the most recent patient selection guidelines adopted by Title XVIII.

4. Notwithstanding subsection 2, if federal requirements have the effect of denying equal access to centers, the commission shall modify its plan, and the department of human services shall adopt rules, consistent with the federal requirements.

Sec. 108. NEW SECTION. 145.1 TRANSPLANTS.

The commission shall require that the director of public health and the commissioner of human services gather data from appropriate sources regarding human organ and tissue transplant needs and occurrences in the state to assist in ongoing development and review of organ transplant policy.

Sec. 109. There is appropriated from the separate fund created under section 3215.17 to the family and community health division of the Iowa department of public health for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the amount of fifty-five thousand (55,000) dollars, or so much thereof as is necessary, to pay the costs of medical examinations in crimes of sexual abuse and of treatments for prevention of venereal disease as required by section 709.10.

Sec. 110. The licensing boards for which general fund appropriations have been provided for in section 105, subsections 4, 5, 6, 7, and 8 of this Act may expend additional funds, if those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before a licensing board included in section 105, subsections 4, 5, 6, 7, and 8 of this Act expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the department of management the licensing board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 111. All federal grants to and federal receipts of the agencies appropriated funds under this division of 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 division of this Act, but are approved only for the period of time for which the federal funds are available for the position.

Sec. 112. Section 7E.6, subsection 5, Code 1987, is amended by striking the subsection.

Sec. 113. Section 3215.17, Code 1987, is amended to read as follows:

3215.17 CIVIL PENALTY -- SEPARATE FUND -- REINSTATEMENT.

When the department revokes a person's motor vehicle license or nonresident operating privilege under this chapter, the department shall assess the person a civil penalty of one hundred dollars. The money collected by the department under this section shall be transmitted to the treasurer of state who shall deposit the money in a separate fund dedicated to and used for the purposes of chapter 912 and section 709.10, and for the operation of a missing person clearinghouse and domestic abuse registry by the department of public safety. A temporary restricted license shall not be issued or a motor vehicle-license or nonresident operating privilege reinstated until the civil penalty has been paid.

Sec. 114. NEW SECTION. 601K.129 REPEAL.

Sections 601K.31 through 601K.39, Code 1989, are repealed effective June 30, 1989.

DIVISION II
HUMAN SERVICES

Sect. 201. GENERAL ADMINISTRATION. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for general administration, including salaries add support for not more than three hundred fifty-five point forty-five full-time equivalent positions, maintenance, add miscellaneous purposes, the following amount, or do much thereof as is necessary:

1987-1988
<u>Fiscal Year</u>
\$ 6,800,000

The funds appropriated in this section include necessary amounts to continue, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the general administration programs relating to staff training, program evaluation, and the purchase-of-services allocations to the counties, as operated in the fiscal year beginning July 1, 1986 and shall maintain a central registry of persons with brain injuries as

specified in section 225C.22. As a condition of this appropriation, one hundred seventy thousand (170,000) dollars is allocated for five full-time equivalent positions for the bureau of operations analysis.

It is the intent of the general assembly that the department of human services, in its operation of the family center services purchase of service program, shall conform its activities to the mission, goals, and objectives provided in this unnumbered paragraph and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the human services appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported. The department shall provide a safe and supportive environment for children in their family setting by purchasing services from providers outside the department which accomplish the following objectives:

1. Minimize neglect and abuse of children for whom services are provided.
2. Minimize the out-of-home placement of children for whom services are provided.
3. Reunite the family which has experienced an out-of-home placement.

The objectives shall serve as targets for the department and each report shall include a summary of progress toward those objectives. Failure of the department of human services to meet these goals and objectives shall not be grounds for legal action against the department of human services;

Sec. 202. FIELD OPERATIONS AND VOLUNTEERS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning

July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year.

1. As a condition of this appropriation for field operations, including salaries and support for not more than two thousand four hundred thirty-three point eighty-eight full-time equivalent positions, maintenance, and miscellaneous purposes, the department shall provide an extensive orientation program for newly employed social workers in the area of community resource programs and shall provide assistance to each county board of social welfare to identify community resources in counties pursuant to section 234.11 \$ 29,000,000

2. For the development and coordination of volunteer services \$ 68,000

Sec. 203. SPECIAL PROGRAMS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated: . . .

1987-1988
Fiscal Year

1. For aid to families with dependent children \$ 62,000,000

a. As a condition of this appropriation, effective July 1, 1987, the department shall establish the schedule of basic needs for one person at one hundred seventy-four dollars, for two persons at three hundred forty-three dollars, for three persons at four hundred six dollars, for four persons at four hundred seventy-two dollars, for five persons at five hundred twenty-two dollars, for six persons at five hundred eighty-one dollars, for seven persons at six hundred thirty-eight dollars, for eight persons at six hundred ninety-six dollars, for nine persons at seven hundred fifty-three dollars, for ten persons at eight hundred twenty-three dollars, and for each additional person eighty-two dollars.

b. As a condition of this appropriation, effective September 1, 1987, the department shall implement an emergency assistance to families program which qualifies for federal financial participation according to federal regulations for the aid to families with dependent children program. From the funds appropriated in subsection 1, four hundred thousand (400,000) dollars, or so much thereof as is necessary, shall be allocated for this program. All needy families residing in this state, excluding families of migrant workers, with at least one child under the age of nineteen shall be eligible. Need shall be defined as one hundred percent under the federal office of management and budget poverty guidelines. Emergencies covered should be natural disasters; eviction, potential eviction, or foreclosure; homelessness, utility shut-off, or fuel shortage; and loss of heating energy supply or equipment. Assistance shall be limited to basic payment levels in the aid to families with dependent children program, except that natural disaster assistance shall be limited to one thousand dollars per family. If funds appropriated for this program are exhausted, the department shall discontinue the program through the adoption of administrative rules pursuant to section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b". The rules shall become effective

immediately upon filing, unless a later effective date is specified in the rules.

c. There is appropriated three hundred fifty thousand (350,000) dollars or so much thereof as is necessary from the general fund of the state to the Iowa finance authority for the rehabilitation, construction, or purchase of transitional shelters for homeless families, under provisions of House File 603 if enacted by the Seventy-second General Assembly, 1987 Session, and becomes law. If House File 603 is not enacted by the Seventy-second General Assembly, 1987 Session, the funds shall be used by the Iowa finance authority for the rehabilitation, construction, or purchase of transitional shelters for homeless families. Any state funds may be used for matching federal funds if available.

d. Loan and grant requirements under the individual education training program (IETP) as operated in the fiscal year beginning July 1, 1986 shall be eliminated. However, participants shall be required to seek all scholarships, grants, and gifts that do not require repayment of the funds as a condition of receiving these awards. Eligibility for the individual education training program (IETP) shall be extended to allow a maximum of two academic years to complete high school. The department shall continue the current policy of denying participation to complete high school when the person cannot graduate within one year of the person's normal graduation date.

e. The department shall contract for services in establishing, developing, and monitoring a waiver program with a consortium of other states to facilitate assistance to aid to dependent children families in self-employment. From the funds provided in subsection 1, one hundred thousand (100,000) dollars, or so much thereof as is necessary, shall be used to provide technical assistance, either directly or through a contract with the division of job training and entrepreneurship assistance of the department of economic

development, for aid to dependent children families seeking self-employment.

f. From the funds appropriated in subsection 1, one million (1,000,000) dollars, or so much thereof as is necessary, shall be used to operate the work incentive program as it operated in the fiscal year beginning July 1, 1986. The department shall seek to secure maximum federal financial participation for the program and to extend the program statewide, subject to the limitations of funds provided under this paragraph.

g. Subject to federal authorization, the department may provide a financial incentive to aid to dependent children families choosing to enroll in a health maintenance organization under Medicaid, with the incentive representing a portion of the savings received by the state from contracting with health maintenance organizations. The department shall develop a proposal for a financial incentive for aid to dependent children families enrolling in health maintenance organizations.

h. The department shall establish a pilot grant diversion program which qualifies for federal financial participation according to 45 C.F.R. Part 239 of federal regulations for the aid to families with dependent children program. The grant diversion program shall be operated in the Des Moines district from July 1, 1987, through June 30, 1989, as a component of the work incentive demonstration program. Participants in the grant diversion program shall be placed in jobs where they receive on-the-job training while earning wages. Employers who provide jobs shall receive financial compensation in return for training provided. Aid to families with dependent children savings resulting from the participant's employment shall be used to compensate employers. The department shall determine through rule-making what federal options to exercise and other policies to be applied to grant diversion participants.

i. As a condition of the appropriation made under this subsection, the department shall administer grants, which may be awarded to public school corporations, adolescent service providers, and nonprofit organizations involved in adolescent issues for two-year pilot projects targeted toward those areas of the state with the highest incidence of adolescent pregnancy, from one or more of the following programmatic areas:

(1) Pregnancy prevention programs for adolescents and workshops for parents of adolescents to improve parent-child communications regarding human sexuality.

(2) Communications media campaigns to discourage adolescent sexual activity and to encourage the assumption of responsibility by adolescents, both male and female, for their sexual activity and for parenting.

(3) Residential facilities for pregnant adolescents and adolescent parents in need of shelter.

(4) Early pregnancy detection for adolescents and prenatal services and adoption counseling for pregnant adolescents.

(5) Child care and case management services provided to adolescent parents, both male and female, for a predetermined fee under purchase-of-service contracts, which include child care services, instruction in child development and parenting skills, support services for completion of school and for job training and placement, prevention of subsequent pregnancies during adolescence, and other personal services.

(6) Teacher training, including transportation costs and workshop, conference, and course work expenses, designed to improve the teaching of components of the human growth and development curricula in grades kindergarten through twelve. A preference shall be given for the funding of teacher training grant projects which would qualify participating teachers for continuing education unit credits.

(7) Pregnancy prevention programs which teach and encourage teen sexual abstinence.

As used in this subsection, "adolescent" means a person under eighteen years of age or a person in attendance at an accredited school pursuing a course of study leading to a high school diploma, or its equivalent. Pilot projects providing services to an adolescent under eighteen years of age may continue to provide the services beyond the adolescent's eighteenth birthday in accordance with guidelines adopted by the department. Five hundred thousand (500,000) dollars, or so much thereof as may be necessary, is appropriated for the fiscal year beginning July 1, 1987 and ending June 30, 1988, for these grants. Of the funds appropriated in this paragraph, the department shall expend no more than five percent for administrative costs. The department shall adopt rules pursuant to chapter 17A to implement the grant program.

2. For medical assistance, including reimbursement for abortion services, which shall be available under the medical assistance program only for those abortions which are medically necessary. Medically necessary abortions are those performed under any of the following conditions:

a. The attending physician certifies that continuing the pregnancy would endanger the life of the pregnant woman.

b. The attending physician certifies that the fetus is physically deformed, mentally deficient, or afflicted with a congenital illness.

c. The pregnancy is the result of a rape which is reported within forty-five days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

d. The pregnancy is the result of incest which is reported within one hundred fifty days of the incident to a law enforcement agency or public or private health agency which may include a family physician.

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the

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products of conception are expelled \$138,500,000

The department and the Iowa department of public health shall jointly pursue the development of a targeted case management system for pregnant women eligible for Medicaid. Additionally, the department and the Iowa department of public health shall jointly pursue the development of a system to provide Medicaid reimbursement for enhanced services for eligible pregnant women. If this should require a waiver to implement, the department shall pursue such a waiver with the health care financing administration. Implementation of both systems shall be limited geographically as a pilot project. A progress report shall be given to the general assembly in January of 1988.

+Licensed birth centers or birth centers which receive reimbursement from at least two third-party payors shall be eligible for reimbursement for prenatal, delivery, and postnatal services for women eligible for Medicaid.

The department shall pursue development of a case management system for early periodic screening diagnosis and treatment (EPSDT) eligible clients, including outreach, followup, and recall. The department shall proceed with implementation of the system as a pilot project in two counties through an administrative agreement with the Iowa department of public health. A progress report shall be given to the general assembly in January of 1988.

The department may expend up to twenty-four thousand (24,000) dollars of the funds appropriated in this subsection to develop a new intermediate care facility reimbursement system as recommended by the center for health policy studies report issued during the fiscal year beginning July 1, 1986. The department shall report, no later than January 1, 1988, to the general assembly on the system developed.

The department of human services shall develop policies and guidelines to implement on a pilot basis a special case

management program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs.

Effective October 1, 1987, the department shall extend coverage to include caretaker relatives under the medically needy program. The department shall increase resource limitations under the medically needy program to five thousand dollars for a one-person household and seven thousand five hundred dollars for a family of two or more persons. For the medically needy program, the department shall be allowed to set the length of the certification period, as authorized by federal regulations.

Effective October 1, 1987, the department shall extend medical assistance benefits for an additional six months to individuals who lose assistance through the aid to families with dependent children program solely due to the loss of the thirty dollars and one-third earned income disregard.

Effective January 1, 1988, the department shall provide medical assistance to all pregnant women, and infants and children up to age five on an incremental basis; and to all individuals who are aged, blind, or disabled, whose income does not exceed one hundred percent of the federal poverty level. Resource limitations shall be five thousand dollars for a one person household and seven thousand five hundred dollars for a family of two or more people. Aged, blind, or disabled individuals shall have income and resources treated according to supplemental security income methodologies. Pregnant women, and infants and children shall have income and

resources treated according to aid to families with dependent children methodologies. All other medical assistance program requirements shall apply. Phased-in coverage for children shall begin January 1, 1988, for children up to the age of one and continued through January 1, 1992.

Of the funds appropriated in this subsection, not more than two hundred thousand (200,000) dollars may be transferred to the Iowa department of public health for contingency state assistance for the federal women, infants, and children program in order to allow the Iowa department of public health to fully use available funds under this program.

The department, in cooperation with the Iowa pharmacists association, shall conduct a study examining the economic and administrative impact of a separate reimbursement policy for unit dose drug distribution systems in long-term care facilities. A report on the study shall be prepared and submitted to the general assembly by January 31, 1988.

Of the funds appropriated in this subsection, the department shall expend not more than three hundred seventy-seven thousand (377,000) dollars for the following:

a. To develop necessary standards and payment processes, write administrative rules, develop employee and provider training to expand medical assistance coverage for the following services: case management, day training and habilitation, day treatment, and substance abuse.

b. To modify existing medical assistance service definitions to encompass the following additional services: transportation, medication management, partial hospitalization, rehabilitation services, diagnosis and evaluation, family support, and early intervention.

c. To develop and submit waiver applications for the following service areas: respite care, homemaker and chore housekeeping, in-home training, vocational services, nonmedical transportation, and behavior management.

Amendments to the medical assistance plan and modifications of existing medical assistance service definitions shall be completed for implementation no later than July 1, 1988.

By October 1, 1987, the department shall submit a revised medical assistance plan to the United States department of health and human services for implementation no later than July 1, 1988.

The department may hire a contractor or employ a staff under a twelve-month personal service contract to complete the project. The department shall provide the general assembly with a detailed progress report no later than January 1, 1988.

It is the intent of the general assembly that county and block grant funds made available as a consequence of enhanced federal funding for services under medical assistance be used for purposes of implementing section 225C.28. The department shall develop a system for identifying prior expenditures on the services covered under changes to the medical assistance plan or by waiver application and proposals for requiring a maintenance of financial effort subsequent to a replacement of state or county funds by federal funds. Those proposals shall be submitted to the general assembly by January 1, 1988.

3. For medical contracts \$ 2,550,000

The department may expend up to fifty thousand dollars of the funds appropriated in this subsection to implement in-patient hospital reimbursement methodology and other medical assistance provider reimbursement methodologies as recommended by the center for health policy studies report issued during the fiscal year beginning July 1, 1986.

4. For child support recoveries, including salary and support for not more than one hundred twelve full-time equivalent positions, maintenance, and miscellaneous purposes \$ 1,000,000

The commissioner of human services, within the limitations of the funds appropriated in this subsection or funds trans-

ferred from aid to families with dependent children program for this purpose, may establish new positions and add additional full-time equivalent positions to the child support recovery unit when the commissioner determines that both the current and additional employees collectively can reasonably be expected to recover for the aid to families with dependent children program and the nonpublic assistance support recovery program more than twice the amount of money required to pay the salaries and support for both the current and additional employees. The department shall demonstrate the cost effectiveness of the current and additional employees by reporting to the human services appropriations subcommittee the ratio of the total amount of administration costs for child support recoveries to the total amount of the child support recoveries.

The department shall initiate, on at least a pilot program basis in two counties, outreach services to investigate for potential modification proceedings all child support orders for aid to dependent children clients whose orders have not been modified within the previous four years. The department shall report to the general assembly on the short-term and long-term cost effectiveness of initiating modification proceedings in the cases where modification proceedings were initiated as a consequence of the investigation and outreach services.

5. For the child support clearinghouse, including salaries and support for not more than twenty-eight full-time equivalent positions, maintenance and miscellaneous purposes \$ 690,000

6. For state supplementary assistance, including state supplementary assistance for the blind \$ 11,000,000

The department, in conjunction with representatives of provider and consumer organizations, shall study and evaluate the state supplementary assistance program and make recommendations to the general assembly by February 1, 1988 for new options under the program which promote and enhance less restrictive environments for eligible recipients of section 225C.28.

The department shall increase the personal needs allowance for residents of residential care facilities by the same percentage and at the same time as federal supplemental security and federal Social Security benefits are increased due to a recognized increase in the cost of living.

7. For aid to Indians under section 252.43 \$ 35,000

The tribal council shall not use more than ten percent of the funds for administrative expenses.

8. For home-based services \$ 6,400,000

a. Of the funds appropriated in this subsection, seven hundred twenty-three thousand seven hundred fifty (723,750) dollars, or so much thereof as is necessary, is allocated for subsidized adoptions, including the purchase of services for special needs children.

b. Of the funds appropriated by this subsection, three hundred nineteen thousand fifty (319,050) dollars, or so much thereof as is necessary, is allocated for family planning.

c. Of the funds appropriated by this subsection, four million, six hundred seventy-seven thousand, two hundred (4,677,200) dollars, or so much thereof as is necessary, is allocated for family-centered services.

d. Of the funds appropriated in this subsection, six hundred eighty thousand (680,000) dollars, or so much thereof as is necessary, shall be used to support a pilot family preservation services initiative to provide highly intensive, in-home family preservation and family reunification services to families with children at imminent risk of initial or

continued placement. The department shall contract for at least two-thirds, four hundred fifty-four thousand 1454,000) dollars, of these services but no more than one-third, two hundred twenty-six thousand (226,000) dollars, of these services may be provided directly. The intensive services shall be consistent with family-centered service package components as defined in 498 IAC § 182, but the department may use a limited amount of these funds to provide other resources needed by a pilot project family to stay together. The pilot services shall include the provision of twenty-four hour crisis intervention; limitation of caseload to four or fewer families, and termination of services within at most six months of referral. The department shall select the contractors in a manner consistent with the juvenile community-based grant program policies contained in 498 IAC § 166. Request for proposals and contracts shall include specified limits on client caseloads and requirements for provider acceptance of client referrals. The payment system for this project shall be developed in lieu of the current unit-based system and shall be designed to generate information about outcome measurements, performance indicators, and actual costs per family served. The information shall be collected and analyzed to identify key components for a model performance-based contracting system. The department shall work with the legislative fiscal bureau and Iowa State University of science and technology to establish a monitoring system for this project. It is the intent of the general assembly that the department implement this project in consultation with professionals in the child welfare field, using outside technical assistance from the national conference of state legislatures and the center for the study of social policy where possible, and that selection of areas to be served be made to enable evaluations of program effectiveness. The department may target the initiative to one or more districts of the department. It is the intent of

the general assembly that the program evaluation be conducted over at least a three-year period, in order to provide for full evaluation of the cost-effectiveness of the initiative.

9. For foster care \$ 26,830,000

a. The department may transfer a portion of the funds appropriated in this subsection for use in providing subsidized adoption services, if funds allocated under subsection 8 are insufficient to provide necessary subsidized adoption services.

b. No more than thirty-three percent of children in foster care funded under Title IV, part E of the federal Social Security Act shall be in foster care for more than twenty-four months.

c. Of the funds appropriated in this subsection, forty-five thousand (45,000) dollars, or so much thereof as is necessary, is allocated for foster parent training prior to the initial licensure of foster parents.

d. Of the funds appropriated in this subsection, thirty-two thousand (32,000) dollars, or so much thereof as is necessary, is allocated for foster parent training to meet the requirement for six hours of foster parent training each year as a condition for relicensure.

e. Of the funds appropriated in this subsection, ninety thousand (90,000) dollars, or so much thereof as is necessary, shall be used to extend eligibility for independent living for youth between eighteen and twenty-one years of age who remain in school.

f. Of the funds appropriated in this subsection, thirty thousand (30,000) dollars, or so much thereof as is necessary, may be used by the department to contract with universities to provide ongoing research and evaluation assistance to programs and initiatives of the department involving family-centered services and foster care. Such contracts shall make maximum use of any matching resources from the universities with which the department contracts.

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It is the goal of the general assembly that out-of-state placements of children under foster care be reduced by at least fifty percent within the next two years and that standards be established relating to minimum qualifications for out-of-state providers. It is the intent of the general assembly that out-of-state providers not be provided greater reimbursement than is available to in-state providers for similar services initiated after October 1, 1987. It is the goal of the general assembly that out-of-state providers be utilized only when such providers provide specialized services that could not be provided efficiently within the state or where such providers have significant advantages in terms of proximity to family and community support.

The department shall work with the court and with providers of foster care services within the state in developing guidelines to meet this legislative intent.

g. Of the funds appropriated under this section, two hundred thousand (200,000) dollars, or so much thereof as is necessary, may be used to provide supplemental "difficulty of care" per diem rates to providers within the state for their care and treatment of foster care cases that otherwise would have been sent out-of-state. The department shall provide for flexibility in administering this provision and developing such payment differentials, and shall report to the general assembly no later than February 15, 1988 on the manner in which the payment differential has been established and used.

h. The department shall establish rules eliminating the liability for payment for subsequent foster care support orders for parents who adopt children who were under the guardianship of the department of human services prior to adoption and determined to be eligible special needs children due to conditions that place those children at potential high risk of subsequent foster placement.

i. The department shall develop, for submission to the general assembly, by January 15, 1988, for at least two

counties within the state, a system for decategorizing the resources provided to those counties for child welfare and foster care services into a single child welfare budget and establishing procedures to allow for allocating resources on the basis of child welfare concerns as opposed to specific program categories. The department shall develop, for submission to the general assembly by January 15, 1988, to be used on at least a pilot basis, alternative reimbursement systems for providers that provide performance-based payment or payment that recognizes the need for transition support and counseling between out-of-home or institutional placement and home or community-based placement. The system shall be designed to enhance permanency planning goals, by increasing resource flexibility within current budgetary levels. It is the intent of the general assembly that the department develop this system in consultation with professionals in the child welfare field, using outside technical assistance from the national conference of state legislatures and the center for the study of social policy where possible.

10. For food stamp training and employment \$ 460,000

11. For community-based programs \$ 2,780,300

a. Of the funds appropriated in this subsection, one hundred twenty thousand (120,000) dollars, or so much thereof as is necessary, is allocated for displaced homemaker programs.

b. Of the funds appropriated in this subsection, four hundred thirty thousand (430,000) dollars, or so much thereof as is necessary, is allocated for child care center financial assistance.

Notwithstanding section 237A.13, subsection 4, funds unencumbered as of April 30, 1988 shall not be reallocated unless the unencumbered funds reclaimed exceed five thousand dollars.

Notwithstanding section 237A.18, a day care facility is eligible to receive funds if the facility serves some low-

income Families, even if low-income families served comprise less than a majority of total families served.

c. Of the funds appropriated in this subsection, three hundred fourteen thousand (314,000) dollars, or so much thereof as is necessary, is allocated for the child abuse prevention grant program.

d. Of the funds appropriated in this subsection, two hundred fifteen thousand (215,000) dollars, or so much thereof as is necessary, is allocated for domestic abuse prevention program grants.

e. The commissioner of human services shall pay from the funds appropriated in this subsection, as the entitled aid from the state under section 232.142, subsection 4, one-half of one percent of the total cost of the establishment, improvement, operation, and maintenance of approved county or multicounty juvenile homes.

f. Of the funds appropriated in this subsection, eight hundred eight thousand eight hundred (808,800) dollars, or so much thereof as is necessary, is allocated for state cases.

g. Of the funds appropriated in this subsection, eight hundred thirty-one thousand (831,000) dollars, or so much thereof as is necessary, is allocated for protective day care.

h. Of the funds appropriated in this subsection, fifty thousand (50,000) dollars, or so much thereof as is necessary, is allocated to provide grants for the provision of direct services to children who are at risk of running away, and to those children's families.

12. For county-based juvenile justice reimbursement to counties for transportation and treatment purposes \$ 1,200,000

13. As a condition of the appropriations made for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care under subsections 1, 2, 6, and 9 the following shall apply:

a. Notwithstanding section 8.39, and except as provided in subsection 1, paragraph "g" for health maintenance organization enrollment incentive, in subsection 1, paragraph "h" for grant diversion, in subsection 2 for the women, infants, and children program, in subsection 4 for child support recoveries, and in subsection 9, paragraph "f" for foster care, funds appropriated for aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall not be subject to transfer. Department of human services' programs shall not be modified for the purpose of transferring other funds appropriated to the department of human services into the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care accounts.

b. Except as provided in paragraph "c", the commissioner of human services shall not modify programs funded under the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations in order to meet any projected budget shortfalls, but shall request supplemental appropriations from the general assembly to meet those shortfalls.

c. Notwithstanding the concept of allotments in section 8.31, for the purpose of any across-the-board budget reductions ordered by the governor, the appropriations for the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care shall be deemed to include amounts needed to operate the programs for the entire fiscal year beginning July 1, 1987, under the July 1987 program guidelines and mandated subsequent changes. The across-the-board budget reductions shall be applied to the appropriations, and the estimate of revenues needed to balance the state's budget shall be made so as to operate the July 1, 1987 programs, as modified by mandated changes for the entire fiscal year.

d. Notwithstanding section 8.31, for deficit appropriations, the department shall apply the across-the-board budget reductions to the aid to families with dependent children, medical assistance, state supplementary assistance, and foster care appropriations, and to additional anticipated needs according to the July 1, 1987 guidelines and mandated subsequent changes. For surplus appropriations, the across-the-board budget reductions shall be applied first to the surplus appropriations and then to amounts needed to maintain the July 1, 1987 programs and any mandated subsequent changes.

Sec. 204. JUVENILE AND VETERANS INSTITUTIONS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For the operation of the state training school and the Iowa juvenile home, including salaries and support for not more than two hundred ninety-eight point seventy-eight full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 8,470,000
2. For operation of the Iowa veterans home, including salaries and support for not more than seven hundred sixty-four full-time equivalent positions, maintenance and miscellaneous purposes	\$ 22,000,000

The department may use the gifts accepted by the commissioner of human services pursuant to section 218.96 and other resources available to the department for use at the Iowa veterans home for purposes identified by the department.

Sec. 205. MENTAL HEALTH INSTITUTES. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the state mental health institutes, the following amount, or so much thereof as is necessary:

1987-1988
Fiscal Year

1. For salaries and support for one thousand two hundred six point forty-six full-time equivalent positions, maintenance, and miscellaneous purposes \$ 36,000,000
2. All funds received from client participation shall be deposited in the general fund of the state.
3. The superintendents of the state mental health institutes at Cherokee and Independence, in discharging the duties imposed by section 230.20, shall not include the costs of the psychiatric residency and chaplain intern programs maintained at those institutes in computing the institutes' respective daily charges to patients.
4. A state mental health institute shall not accept physical custody of a child alleged to be a child in need of assistance, on guest status or otherwise, for more than thirty days. A child found to be a child in need of assistance shall not be placed in a state mental health institute or other appropriate secure facility unless the juvenile court finds that the standard for voluntary admission or involuntary commitment in chapter 229 has been met. The finding may be made by the court under section 232.103 at any time prior to the expiration of a dispositional order.

5. The department shall pursue all reasonable courses of action necessary to expand the recruitment and retention of psychiatrists at the state mental health institutes. The department shall aggressively recruit psychiatrists, when necessary by sending department representatives to events and locations where psychiatrists are likely to be recruited and by taking other similar actions which have the likelihood of contributing to the recruitment of psychiatrists. The department shall continue to explore and implement, if necessary, alternative approaches to retaining psychiatrists in the state hospital system, such as special contractual arrangements, expanded staff privileges, or improved educational opportunities for the medical staff.

6. As a condition of the appropriation made by this section, there is appropriated from the general fund of the state two hundred thousand (200,000) dollars to provide for partial reimbursement to counties for local inpatient mental health care and treatment as set forth in section 225C.12.

7. As a condition of the appropriation made by this section, there is appropriated from the general fund of the state one hundred thousand (100,000) dollars, or so much thereof as is necessary, to the department of human services for rural mental health services. The division of mental health, mental retardation, and developmental disabilities of the department of human services shall allocate these funds to continue or expand existing special allocation project grants providing outreach services to Iowans affected by the continued rural economic decline. The division shall award these funds to agencies that have participated in the 1988 fiscal year mental health and mental retardation services funds special allocation grant application process.

Sec. 206. HOSPITAL-SCHOOLS. There is appropriated from the general fund of the state to the department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for the state hospital-schools, the following amount or so much thereof as is necessary:

1987-1988
 1988-1989
 1989-1990
 1990-1991
 1991-1992

1987-1988
Fiscal Year

1. For salaries and support for not more than two thousand one hundred ninety-five point sixty-two full-time equivalent positions, maintenance, and miscellaneous purposes \$ 57,850,000

2. All funds received from client participation shall be deposited in the general fund of the state.

3. The state hospital-schools' per-patient-per-day cost as determined pursuant to section 222.73 shall be billed at eighty percent for the fiscal year, except as otherwise provided by subsection 4.

4. If more than twenty percent of the cost of a patient's care is initially paid from any source other than state-appropriated funds, the amount so paid shall be subtracted from the per-patient-per-day cost of that patient's care computed pursuant to section 222.73 and the patient's county of legal settlement shall be billed for the full balance of the cost so computed.

5. In the calculation of per diem rates, charges assessed to the county shall be credited with one hundred percent of client participation for eligible medical assistance patients at the state hospital-schools.

6. A county shall be responsible for the nonfederal share of costs for care of Medicaid-eligible residents of state hospital schools with legal settlement in that county regardless of the level of care provided to that resident. A county shall be responsible for eighty percent of the cost of care for residents who are not Medicaid-eligible.

Sec. 207. ENHANCED MENTAL HEALTH/MENTAL RETARDATION/DEVELOPMENTAL DISABILITIES SERVICES. There is appropriated from the general fund of the state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the

department of human services, the following amounts, or so much thereof as is necessary:

- 1. For contractual services, salaries, support, and miscellaneous purposes \$ 600,000.

The department shall expend these funds for the development and implementation of a plan for reducing populations at state hospital-schools and state mental health institutes consistent with the provisions of section 225C.28, subsection 6 and recognizing the needs of the communities in which the facilities exist, for the analysis and identification of implementation options for a statewide coordinated and integrated client tracking, service inventory and payment system, and to employ not more than eight field staff and two central office staff, which positions are in addition to any full-time equivalent positions authorized by law, to develop and implement a regional specialired service coordination system and a regional framework for planning and coordinating services.

In developing implementation options for a statewide coordinated and integrated client tracking, service inventory and payment system, the department shall include in its analysis existing department of human services' information systems as well as the Iowa facilities management information system and the mental health, mental retardation, and developmental disabilities data system.

- 2. For administrative support, for regional boards, and for service coordination and diagnosis and evaluation \$ 2,000,000

a. Of the funds provided under this subsection, not more than three hundred forty-five thousand (345,000) dollars shall be used as support for regional planning boards. Funds shall be divided equally among the regional planning boards and shall be used for planning and administration of the boards.

b. The remaining funds provided under this subsection shall be used by the department of human services for:

- (1) No more than eighty-eight percent of the remaining funds for the establishment of service coordination units for persons with mental retardation, developmental disabilities, or chronic mental illness for the provision of specialired service coordination. These units shall be established no later than January 1, 1988 in each of the department's human service districts. Priority shall be given to individuals who require service coordination in preventing a placement that would be inconsistent with the person's identified needs. Persons performing service coordination shall be given caseloads no greater than thirty for clients with mental retardation, developmental disabilities, or chronic mental illness.

- (2) No more than twelve percent of the remaining funds shall be used for the provision of diagnosis and evaluation services for persons with mental retardation, developmental disabilities, or chronic mental illness. Priority shall be given to individuals who have not received a diagnosis and evaluation within the past five years.

The available funds shall be allocated to the department of human service districts based on the bill of rights enumeration study. Within the funds available under this paragraph "b", case management and diagnosis and evaluation shall be made available proportional to the bill of rights populations within each district as cited in the enumeration study.

The department shall seek to draw down additional funds through the federal medical assistance program in the provision of these services.

It is the intent of the general assembly that the state impose standards for construction of intermediate care facilities for the mentally retarded that are no more stringent than federal standards. It is the intent of the

general assembly that recognition be given to reducing the cost for potential conversion of residential care facilities for the mentally retarded to intermediate care facilities for the mentally retarded without imposing more restrictive construction and renovation standards than absolutely essential.

It is the intent of the general assembly that greater use of federal support through vocational rehabilitation funding be provided for the bill of rights population. The department shall work with the department of education in seeking to make greater use of vocational rehabilitation support for the bill of rights population, and shall report to the general assembly by January 1, 1988 on the feasibility of obtaining additional federal assistance.

The department shall develop a proposal to assist individuals in obtaining Social Security and Title XIX benefits.

Sec. 208. Nothing in this Act is intended by the general assembly to be the provision of a fair and equitable funding formula specified in 1985 Iowa Acts, chapter 249, section 9. Nothing in this Act shall be construed, is intended, or shall imply a claim of entitlement to any programs or services specified in section 225C.28.

Sec. 209. ADDITIONAL POSITIONS. The state hospital-schools and mental health institutes may exceed their specified limit of full-time equivalent positions if such additional positions are specifically related to licensing, certification or accreditation standards or citations.

Sec. 210. MENTAL HEALTH AND RETARDATION SERVICES FUND. There is appropriated from the general fund of the state to the state community mental health and mental retardation services fund established in section 225C.7 for the fiscal year beginning July 1, 1987, and ending June 30, 1988, the following amount, or so much thereof as is necessary:

1987-1988

Fiscal Year

\$ 3,333,000

1. Notwithstanding section 225C.10, subsection 2, paragraph "a", subparagraph (1), counties shall indicate in their annual plan that general allocation moneys will be expended in accordance with administrative rules adopted by the mental health and mental retardation commission and will not be used for major maintenance or capital expenditure projects.

2. Notwithstanding section 225C.10, subsection 3, counties shall submit annual rather than quarterly financial and plan status reports. The annual reports shall include the services funded; the amounts expended by service and by agency; a description of the use of the funds; and the number of persons served or units of service provided,

Sec. 211. BLOCK GRANT SUPPLEMENTATION. There is appropriated from the general fund of this state to the state department of human services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services and child day care services for eligible individuals, the following amount, or so much thereof as is necessary:

1987-1988

Fiscal Year

\$ 4,390,000

The funds appropriated in this section shall be allocated to the counties pursuant to the rules of the department in effect on January 1, 1985. The department shall increase the income guidelines for income eligible persons receiving services funded with federal social services block grant funds for the fiscal year beginning July 1, 1987 by the same percentage and at the same time as federal Social Security benefits are increased due to a recognized increase in the cost of living.

Of the funds appropriated in this section, three million three hundred ninety thousand (3,390,000) dollars shall be earmarked for the purchase of local services and one million (1,000,000) dollars shall be earmarked for child day care services.

A county may use up to four percent of the federal social services block grant funds and the state purchase of local services funds for the purchase of child day care services without matching the federal and state funds with local funds.

The department shall not require counties to match the state child day care services funds with local funds but shall require that the counties allocate local funds for child day care services in an amount at least equal to the county expenditures for child day care services in the fiscal year ending June 30, 1983. The department shall reallocate state child day care services funds from counties which do not qualify for or do not utilize the funds to counties which do qualify for the funds.

Any funds allocated for the local purchase of child care services shall be available for purchase of services in any type of child care facility approved under 441 IAC § 170.

The department shall adopt administrative rules, to take effect July 1, 1987, which establish the income eligibility level for recipients of child day care services at the equivalent of one hundred twenty-five percent of the federal office of management and budget poverty guidelines for families of all sizes.

If the department determines that funds earmarked under this section for child day care services will not be fully expended, the department may increase the income guidelines in order to provide for the expenditure of all funds earmarked under this section for child day care services.

It is the intent of the general assembly that effective July 1, 1987, the department of human services shall, in determining eligibility for the social services block grant,

disregard one-third of all income of a person who receives social security permanent disability insurance payments.

The department of human services, in conjunction with representatives of provider and consumer organizations, shall study the development of a payment system for state supplementary assistance, foster care, Title XIX and the social services block grant which broadens the array of housing, vocational, employment and support options and provides incentive to providers complying with section 225C.28, subsections 6 and 7, and report to the general assembly by February 1, 1988 regarding the payment system.

Sec. 212. It is the intent of the general assembly that effective July 1, 1987, the department of human services shall consider fifteen leave days as reimbursable units of service for vocational programs serving persons with disabilities, that include sheltered work, work activity, and supported employment services, accredited by the commission on accreditation of rehabilitation facilities (CARF) or the accreditation council on services for people with developmental disabilities (ACDD). The department shall adopt administrative rules pursuant to chapter 17A that clarify policies regarding accrual of such leave days. The department shall not specify the purposes or otherwise limit the use or number of these fifteen leave days when developing and implementing such administrative rules.

Sec. 213. REIMBURSEMENT RATES. For the fiscal year beginning July 1, 1987:

1. The following providers shall have their reimbursement rates frozen at the rates in effect on June 30, 1985: optometrists, opticians, home health agencies, clinics, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, maternal health centers, ambulatory surgery centers, and genetic counseling clinics.

However, the material costs of products which are reimbursed at the acquisition cost shall not be frozen.

2. The following providers shall have their payments reduced by a factor of two and one-half percent: dentists, podiatrists, optometrists, opticians, pharmacies, home health agencies, independent laboratories, ambulance, medical equipment and supply dealers, clinics, physical therapists, chiropractors, audiologists, rehabilitation agencies, community mental health centers, family planning clinics, psychologists, screening centers, hearing aid dealers, orthopedic shoe dealers, maternal health centers, ambulatory surgery centers, genetic counseling clinics, and nurse midwives.

Material cost of products which are reimbursed at the acquisition cost shall not be subject to this reduction.

3. Payments to physicians, as well as those providers specified in subsection 2 shall be reduced by a factor of three and eighty-five hundredths percent.

Material cost of products which are reimbursed at the acquisition-cost shall not be subject to this reduction.

4. The reimbursement methodology for the following providers of services shall be changed from usual, customary, and reasonable charges to a fixed fee: physicians, dentists, podiatrists, independent laboratories, ambulance, medical equipment and supply dealers, physical therapists, and chiropractors. In designing the methodology the reimbursement rates per unit shall not be greater than the average reimbursement rates in effect on June 30, 1985. The reductions described in subsection 3 shall continue to apply.

5. Effective July 1, 1987 hospital payment rates shall be increased by four percent. The reduction of three and eighty-five hundredths percent shall continue until October 1, 1987 at which time the reimbursement methodology for inpatient hospital care shall be changed from prospective reimbursement to diagnosis-related groups.

6. The basis for establishing the maximum medical assistance rate for intermediate care facilities shall be the sixty-sixth percentile of all facility per diems as calculated from the June 30, 1987 unaudited compilation of cost and statistical data.

The department shall establish, unless disapproved by the United States department of health and human services, a new reimbursement system for drug products based on the average wholesale price of drug product costs. The department shall adjust the maximum allowable professional fee to reflect the change in the reimbursement system from estimated acquisition cost to average wholesale price reimbursement.

7. Skilled nursing facility payment rates shall be increased by two and nine-tenths percent, rural health clinic rates shall be increased in accordance with increases under the federal Medicare program, pursuant to Title XVIII of the federal, Social Security Act.

8. Effective July 1, 1987, the three and eighty-five hundredths percent will no longer apply to residential care facilities. Furthermore, the maximum reimbursement rate for residential care facilities shall be increased by four percent making the maximum rate seventeen dollars and ninety-seven cents. The new flat rate for facilities electing not to file cost reports shall be twelve dollars and eighty-four cents.

9. Effective July 1, 1987, the three and eighty-five hundredths percent reduction shall not be applied in the in-home health related care program. Furthermore, the maximum reimbursement rate for the in-home health related care program shall be increased by four percent.

10. For services given by social service providers on or after July 1, 1987, reductions to invoices or rates shall be discontinued. In addition, for services given between July 1, 1987 and June 30, 1988, rates shall be automatically increased by four percent over the unreduced rates in effect on June 30, 1987. Rates for foster group care and shelter care services

shall not exceed sixty-eight dollars and eighty cents per day. This automatic increase is intended to be a one-time exception to policy for the fiscal year beginning July 1, 1987 and ending June 30, 1988 only and is not intended to eliminate regular submission of cost reports.

Sec. 214. The department of human services shall implement a rule under Title XIX that allows for direct payment to a provider of transportation if there is evidence that the recipient is not paying the transportation provider.

Sec. 215. ASSISTANCE TO GAMBLERS. The department shall use funds deposited in the gamblers assistance fund established in section 99E.10 only for programs to assist gamblers. Any unspent funds shall remain in the fund and shall not be transferred or reverted to the general fund.

The department shall use gamblers assistance fund moneys for two full-time equivalent positions to support this program.

Sec. 216. EMPLOYEE DAMAGE REIMBURSEMENT. Notwithstanding the dollar limitation in section 217.23, subsection 2, the department may reimburse an employee under that section an amount up to one hundred fifty dollars for each item damaged or destroyed.

Sec. 217. RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b" for the following: section 203, subsections 1, 2, 3, 8, 9, and 12; section 205, subsection 6; section 206, subsection 6; section 211; section 212; and section 213 of this Act, and rules shall become effective immediately upon filing, unless a later effective date is specified in the rules.

Sec. 218. 1987 Iowa Acts, House File 355, section 3, subsection 2, is amended to read as follows:

2. For food stamp employment and training program \$ 100,000
80,000

Sec. 219. 1987 Iowa Acts, House File 355, section 8, is amended to read as follows:

SEC. 8. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, is amended to read as follows:

9. For community-based programs \$ 2,690,500
2,698,000

Sec. 220. 1987 Iowa Acts, House File 355, section 9, is amended to read as follows:

SEC. 9. 1986 Iowa Acts, chapter 1246, section 303, subsection 9, paragraph h, is amended to read as follows:

h. Of the funds appropriated by this subsection, nine hundred fifteen thousand ~~five-hundred-thirty-five~~ (915,000) dollars, or so much thereof as is necessary, is allocated for protective day care.

Sec. 221. 1986 Iowa Acts, chapter 1246, section 303, subsection 1, unnumbered paragraph 1, is amended to read as follows:

For aid to families with dependent children \$ 59,000,000
57,400,000

Sec. 222. 1986 Iowa Acts, chapter 1246, section 303, subsection 2, paragraph e, is amended to read as follows:

e. Any spontaneous abortion, commonly known as a miscarriage, if not all of the products of conception are expelled \$128,000,000
132,500,000

Sec. 223. 1986 Iowa Acts, chapter 1246, section 303, subsection 3, unnumbered paragraph 1, is amended to read as follows:

For medical contracts \$ 2,290,000
2,425,400

Sec. 224. 1986 Iowa Acts, chapter 1246, section 303, subsection 5, is amended to read as follows:

5. For state supplementary assistance, including state supplementary assistance

for the blind \$ 9,500,000
10,170,000

Sec. 225. 1986 Iowa Acts, chapter 1246, section 303, subsection 8, is amended to read as follows:

8. For foster care \$ 24,200,000.
27,891,807

Sec. 226. 1986 Iowa Acts, chapter 1246, section 308, unnumbered paragraph 1, is amended to read as follows:

There is appropriated from the general fund of this state for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the department of human services for supplementation of federal social services block grant funds and for allocation to the various counties for the purchase of local services and child day care services for eligible individuals, the following amount, or so much thereof as is necessary:

	1986-1987
	<u>Fiscal Year</u>
	\$ 3,710,000
	<u>3,137,563</u>

Sec. 227. TRANSFERS PROHIBITED. Funds shall not be transferred from specific appropriations made under this division of this Act for specific programs to any other programs.

Sec. 228. FEDERAL RECEIPTS. All federal grants to and the federal receipts of the department of human services are appropriated for the purposes set forth in the federal grants or receipts. The veterans per diem payable for veterans at the veterans home and funds received under Title XIX of the federal Social Security Act by the state mental health institutes and state hospital-schools shall be deposited in the general fund.

Sec. 229. CAPITAL EXPENDITURES EXCLUDED. Funds appropriated by this division of this Act shall not be used for capital acquisitions or improvements.

Sec. 230. Sections 218 through 226 of this Act, being deemed of immediate importance, take effect upon enactment.

DIVISION III
JUSTICE SYSTEM

Sec. 301. There is appropriated from the general fund of the state to the office of the attorney general for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For the general office of attorney general for salaries and support of not more than one hundred fifty point six zero full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 3,500,000
2. Prosecuting attorney training program for salaries and support of not more than two full-time equivalent positions, maintenance and miscellaneous purposes which funds shall be used to attract federal and county funding	\$ 85,000
3. Prosecuting intern program; however, counties participating in the prosecuting intern program shall match funds appropriated by this paragraph	\$ 45,000
4. In addition to the funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July	

1, 1987 and ending June 30, 1988, an amount not exceeding ninety-five thousand (95,000) dollars to be used for the enforcement of the Iowa competition law under chapter 553. The expenditure of the funds appropriated under this subsection is contingent upon receipt by the general fund of the state of an amount at least equal to either the expenditures from damages awarded to the state or a political subdivision of the state by a civil judgment under chapter 553, if the judgment authorizes the use of the award for enforcement purposes or costs or attorneys fees awarded the state in state or federal antitrust actions.

5. In addition to funds appropriated under subsection 1, there is appropriated from the general fund of the state to the department of justice for the fiscal year beginning July 1, 1987 and ending June 30, 1988, an amount not exceeding fifty thousand (\$0,000) dollars to be used for public education relating to consumer fraud and for enforcement of section 714.16. The expenditure of the funds appropriated under this subsection is contingent upon receipt by the general fund of the state of an amount at least equal to the expenditures from damages awarded to the state or a political subdivision of the state by a civil consumer fraud judgment, if the judgment authorizes the use of the award for public education on consumer fraud. Funds received in a previous fiscal year which have not been expended shall be credited to this fiscal year.

6. For the legal assistance for farmers program	\$	250,000
7. For the farm mediation service program	\$	300,000
8. For payment of grants to dispute resolution programs under the prosecuting attorney training program	\$	50,000

Sec. 302. There is appropriated from the utilities trust fund to the consumer advocate office of the department of justice for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of one million one hundred fifty-four thousand four hundred seventy-five (1,154,475) dollars, or so much thereof as may be necessary for salaries and support of not more than twenty-one full-time equivalent positions, maintenance, and operational purposes of the office.

Sec. 303. There is appropriated from the general fund of the state to the board of parole for the fiscal year beginning July 1, 1987 and ending June 30, 1988 the following amounts, or so much thereof as is necessary, for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
For salaries, and support of not more than sixteen full-time equivalent positions, maintenance and miscellaneous purposes'	\$ 515,000

Sec. 304. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. For the operation of adult correctional institutions, including salaries and support of not more than one thousand six hundred eighteen point ninety-three full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 54,000,000

2. In addition to the funds appropriated in subsection 1,

there is appropriated one thousand five hundred (1,500) dollars for an inmate tort claim fund for inmate claims of less than twenty-five dollars. If the fund is exhausted during the fiscal year, sufficient funds shall be transferred from the institutional budgets to pay approved tort claims for the balance of the fiscal year.

The warden or superintendent of each institution or correctional facility shall designate an employee to receive, investigate, and recommend whether to pay any properly filed inmate tort claim for less than the above amount. The designee's recommendation shall be approved or denied by the warden or superintendent and forwarded to the department of corrections for final approval and payment.

Tort claims denied at the institution shall be forwarded to the state appeal board for their consideration as if originally filed with that body.

This procedure shall be used in lieu of chapter 25A for inmate tort claims of less than twenty-five dollars.

3. There is established an inmate population review committee composed of a designee of the governor, the director of the department of corrections or the director's designee, the chairperson of the board of parole or the chairperson's designee, and the co-chairs of the justice system appropriations subcommittee. The co-chairpersons of the justice system appropriations subcommittee shall be responsible for scheduling the first meeting of the committee and the committee shall elect a chairperson at its first meeting. The legislative fiscal bureau shall provide staff support to the committee. The committee shall meet at least every three months to review inmate population statistics, trends, and projections, and shall make recommendations to the governor and the general assembly as it deems appropriate.

The director of the department of corrections or the director's designee, the director of the department of education or the director's designee, and the director of the

department of economic development or the director's designee shall cooperate in order to analyze the literacy and vocational training needs of the inmates who are committed to the custody of the department of corrections and develop recommendations on how to meet these needs. These recommendations shall include proposals as to how the state can qualify for additional federal funding for education programs inside the correctional institutions. The results of the analysis and the recommendations shall be reported to the Seventy-second General Assembly, 1988 Session, not later than January 15, 1988 and copies of the report shall be sent to the members of the justice system appropriations subcommittee and the legislative fiscal bureau.

Of the funds appropriated, the department's budget for Anamosa shall include funding for a full-time substance abuse counselor for the Luster Heights facility, for the purpose of certification of a substance abuse program at that facility.

Sec. 305. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the programs as designated:

	<u>1987-1988</u>
	<u>Fiscal Year</u>
1. For general administration, including salaries and support of not more than thirty-eight point fifty-two full-time equivalent positions, maintenance, and miscellaneous purposes	\$ 1,620,000
2. For reimbursement of counties for temporary confinement of work release and parole violators, as provided in sec-	

tions 246.908, 901.7, and 906.17 \$ 65,000

3. For salaries and support of not more than two full-time equivalent positions, maintenance and miscellaneous purposes for jail inspectors as provided in section 356.43 \$ 79,000

4. For federal prison reimbursement and miscellaneous contracts \$ 355,000

The department of corrections shall use funds appropriated in this subsection to continue to contract for the service of a Muslim imam.

5. For salaries and support of not more than six point thirty-one full-time equivalent positions, maintenance, and miscellaneous purposes at the correctional training center at Mt. Pleasant \$ 285,000

6. For a legal assistance program to provide civil legal assistance to inmates in the Iowa correctional system in matters of child custody, bankruptcy, and dissolution of marriage \$ 25,000

The department shall determine whether an inmate applying for civil legal assistance is indigent under section 815.9, after submission by the inmate of the detailed financial statement required by that section. The inmate has an affirmative duty to provide all relevant information on the issue of the inmate's indigency to the satisfaction of the department that the inmate is indigent. The department may establish by rule a schedule of charges, on a graduated scale related to income and resources, to be paid by inmates who are not indigent for the provision of civil legal assistance.

The department may establish by rule maximum rates or reasonable compensation for attorneys providing the various categories of civil legal assistance under the program funded by this subsection.

7. For repairs to roofs and related expenses at the eight correctional institutions \$ 115,700

Sec. 306. There is appropriated from the general fund of the state to the department of corrections for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the sum of eighteen million one hundred thousand seven hundred (18,100,700) dollars, or so much thereof as is necessary, for preinstitutional and postconviction community-based corrections, halfway houses, parole services, and OWI facilities.

The department of corrections shall not change the allocations either to the district departments of correctional services or to the correctional institutions from the amounts computed by the legislative fiscal bureau on or before June 1, 1987, unless notice of the revisions is given prior to their effective date to the legislative fiscal bureau. The notice shall include information on the department's rationale for making the changes and details concerning the workload and performance measures upon which the changes are based.

The department of corrections shall report to the legislative fiscal bureau on a monthly basis the current expenditures of the department's various allocations with a comparison of actual to budgeted expenditures.

The department of corrections shall use the department of management's budget system in developing the budget information for the eight district departments of correctional services, and each of the district departments shall be treated as a separate budget unit with each program modality classified as a separate organization code. The department shall furnish performance measure data designed to enable

comparison of this data with historical spending information, and shall assist the legislative fiscal bureau in developing information to be used in legislative oversight of all programs operated by the department.

The department of corrections shall continue the OWI facilities established in 1986 Iowa Acts, chapter 1246, section 402, in compliance with the conditions specified in that chapter.

It is the intent of the general assembly that the department of corrections, in its operation of the community-based corrections program, shall conform its activities to the missions, goals, and objectives provided in this unnumbered paragraph and collect information pertaining to performance measures developed by the legislative fiscal bureau. The department shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the justice system appropriations subcommittee on the performance measures. The department shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported. It is the responsibility of the department of corrections to supervise and assist individuals who are charged with or have been convicted of felonies, aggravated misdemeanors, or serious misdemeanors, or who have been sentenced to probation, parole or residential care programs as a result of conviction for these offenses, or who are contracted to a district department for supervision or housing while on work release. It is also the responsibility of the department of corrections to provide unpaid community service sentencing alternatives and to operate facilities for the confinement and treatment of offenders convicted of violating OWI laws. The department shall seek to accomplish the following objectives:

1. To assist and support the eight district departments in providing community-based correctional programs and services,

including the gathering of performance data from each district department for management and evaluation purposes.

2. To allocate funds appropriated for the establishment, operation, support, and evaluation of community-based correctional programs and services among the eight district departments. The allocation shall be based upon objective criteria relating to the performance and workload information collected from each district department. Detailed information relating to the allocation process, including proposed budgets for each district department and comparison of historical performance data with historical spending information shall be reported to the justice system appropriations subcommittee during the department's annual legislative budget hearing.

3. To adopt rules establishing guidelines for use in reviewing the performance of the district departments. These guidelines shall require that each district:

- a. Provide specific services.
- b. Locate program services in or near cities providing a substantial number of service resources.
- c. Follow practices and procedures which maximize the availability of federal funds.
- d. Provide for gathering and evaluating performance data relating to the program.
- e. Provide for the maintenance of uniform personnel and fiscal records.
- f. Provide a program to assist the courts in placing defendants who are sentenced to unpaid community service.
- g. Provide for community participation in the planning and programming of the district department's program.
- h. Review the facilities established to confine and treat OWI offenders.

4. To prepare a biennial plan relating to the management of the community-based corrections programs and services. The plan shall include goals, objectives, operations and funding allocations for programs and projects, and plans for

coordination with other state agencies responsible for substance abuse services, mental health services, employment programs, and other programs needed to improve the availability of services. The objectives in this unnumbered paragraph shall serve as a target for the department and each report shall include a summary of progress toward those objectives. Failure to meet these goals or objectives shall not be grounds for legal action against the department of corrections.

Sec. 307. There is appropriated from the general fund of the state to the judicial branch for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1987-1988
Fiscal Year

COURTS AND ADMINISTRATION

1. For salaries of supreme court justices, appellate court judges, district court judges, district associate judges, judicial magistrates and staff, court administrator, clerk of the supreme court, district court administrators, clerks of court, juvenile court officers, board of law examiners and board of examiners of shorthand reporters and judicial qualifications commission, maintenance, equipment and miscellaneous purposes, including implementation of court reorganization according to provisions of 1983 Iowa Acts, chapter 186, section 10301 \$ 55,800,000

Of the funds appropriated by this subsection, not less than ninety-three thousand (93,000) dollars shall be expended for the court-appointed special advocate program.

Funds appropriated under this subsection may be used to fund any increase in the salaries of the judges.

2. For salaries, support, maintenance, and miscellaneous purposes necessary to provide adult indigent defense and the cost of juvenile proceedings including attorney and witness fees \$ 8,200,000

3. For the juvenile victim restitution program \$ 115,000

Notwithstanding chapter 232A, it is the intent of the general assembly that the judicial department receive funds appropriated and administer the Iowa juvenile victim restitution program.

4. For salaries, support, maintenance, and miscellaneous purposes necessary to fund the cost of juvenile proceedings including attorney and witness fees \$ 1,500,000

Notwithstanding any provision of law to the contrary, the administration of juvenile attorney and witness fees shall be transferred to the judicial department.

Sec. 308. Of the funds appropriated by section 307, subsection 1, not more than one million eight hundred thousand (1,800,000) dollars may be transferred into the revolving fund established pursuant to section 602.1302, subsection 4, to be spent for jury and witness fees.

Sec. 309. A public office providing indigent defense which is in existence on January 1, 1987, shall not be abolished during the period beginning January 1, 1987 and ending June 30, 1988, unless done at the request of the chief judge of the judicial district.

Sec. 310. 1986 Iowa Acts, chapter 1246, section 401, subsection 1, is amended to read as follows:

1. For operation of adult correctional institutions, including salaries and support, maintenance, and miscellaneous purposes, provided that the director of corrections, in order to keep expenditures from exceeding the amount of funds appropriated by this section, shall declare a prison overcrowding state of emergency in the state's prisons when the population of the prison system exceeds two thousand six hundred forty-five inmates for sixty consecutive days. Upon the declaration of a prison overcrowding state of emergency, the board of parole shall consider all inmates, except for inmates convicted of class "A" felonies, for parole who are within nine months of their tentative discharge date. If the board of parole's actions do not reduce the population of the prison system below two thousand six hundred twenty inmates within ninety days of the date of the declaration of the prison overcrowding state of emergency, the tentative discharge dates of all inmates, whose most serious offenses for

which the inmates are currently incarcerated are crimes against property and who are incarcerated in state prisons on the date of the declaration, shall be reduced by ninety days by the director of corrections. However, the tentative discharge date of a prisoner sentenced under section 204.406, 204.413, 902.77, 902.87, or 906.5 shall not be reduced under this section prior to completion of the mandatory minimum sentence required by the section. The director of corrections shall terminate a prison overcrowding state of emergency in the state's prisons when the population of the prison system is reduced below two thousand six hundred twenty inmates. The department shall adopt administrative rules which identify all offenses as either crimes against property or crimes against persons. As used in this section, "prison" means a correctional facility operated by the department of corrections and funded under this section; "prison system" means the prisons of this state which are the Iowa correctional institution for women, the Iowa state

~~men's reformatory, the Iowa state penitentiary, the Iowa medical and classification facility, the north-central correctional facility, the Mount Pleasant correctional facility, the Clarinda correctional treatment facility, the correctional release center, and the rehabilitation camps, excluding the Buster Heights honor camp and facilities established under section 402, subsection 2 of this Act for treatment of OWI offenders, and "tentative discharge date" means the date at which an inmate is scheduled for release including good conduct and work time currently received. However, offenders for whom the board of parole has authorized parole but for whom the director has determined that inadequate parole plans have been formulated, may remain within the correctional institution for a period of ten days following parole authorization or until adequate parole plans have been developed, whichever date is sooner. During this period of time, the offender shall not be included in the list of names used to determine the existence of a prison overcrowding emer-~~

~~gency. On and after July 17, 1986, the superintendent shall not admit additional inmates to the medium security facility of the men's reformatory at Anamosa if the inmate population of the men's reformatory equals or exceeds eight hun-~~

I ~~dred and fifty inmates~~ \$ 50,094,227

Sec. 311. Section 602.1301, subsection 2, paragraph b, Code 1987, is amended to read as follows:

b. Before December 1, the supreme court shall submit to the director of management an estimate of the total expenditure requirements of the judicial department. The director of management shall submit this estimate received from the supreme court to the governor for inclusion, without any change by the governor, the director of management, or any other person in the executive branch, in the governor's proposed budget for the succeeding fiscal year. The estimate shall also be submitted to the chairpersons of the committees on appropriations.

Sec. 312. Section 602.8105, subsection 1, paragraph 1, Code 1987, is amended to read as follows:

1. In criminal cases, the same fees for the same services as in civil cases, to be paid by the county or city, which has the duty to prosecute the criminal action, payable as provided in section 602.8109. When judgment is rendered against the defendant, costs collected from the defendant shall be paid to the county or city which has the duty to prosecute the criminal action to the extent necessary for reimbursement for fees paid. However, the fees which are payable by the county to the clerk of the district court for services rendered in criminal actions prosecuted under state law and in habitual offender actions pursuant to section 321.556, and the court costs taxed in connection with the trial of those criminal actions or appeals from the judgments in those criminal actions are waived.

Sec. 313. All federal grants to and the federal receipts of agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

DIVISION IV
REGULATION

Sec. 401. There is appropriated from the general fund of the state to the office of the auditor of state for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support for not more than one hundred fourteen full-time equivalent positions, maintenance, and other operational purposes	\$ 1,700,000

The auditor of state shall be reimbursed for performing examinations of the department of human services, the state department of transportation, the Iowa department of public health, the state board of regents, the offices of the clerks of the district court of the judicial department, and federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments.

For examinations, the auditor of state shall file a sworn statement consisting of expenses and prorated salary costs paid to perform the examination with the financial officer of the department examined. Upon audit and approval by the department director, the finance office: shall transfer the amount from the department to the auditor of state to be credited to the general fund of the state.

It is the intent of the general assembly that the auditor of state shall complete all audits for prior fiscal years re-

quired for the Iowa department of public health, the department of human services, the state department of transportation, and the state board of regents during the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 402. There is appropriated from the general fund of the state to the campaign finance disclosure commission for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support of not more than four full-time equivalent positions, maintenance and miscellaneous purposes	\$ 168,000

Sec. 403. There is appropriated from the general fund of the state to the department of employment services for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>
1. DIVISION OF LABOR SERVICES	
For salaries and support for not more than eighty-one full-time equivalent positions, maintenance and miscellaneous purposes	\$ 1,708,000

Of the funds appropriated in this subsection, thirty-nine thousand (39,000) dollars, or so much thereof as is necessary, is allocated for the employment of one additional boiler inspector.

2. DIVISION OF INDUSTRIAL SERVICES

For salaries and support for not more than thirty-two point five full-

tice equivalent positions, maintenance, and miscellaneous purposes \$ 1,060,000

3. ADMINISTRATIVE SERVICES

For salaries and support for not more than five point three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 89,000

4. Honeys appropriated under subsections 1, 2, and 3 shall not be transferred between divisions and the department shall not bill the labor services division or the industrial services division for administrative services except upon the request of those divisions for additional services requested. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedures.

It is the intent of the general assembly that the position of job service commissioner not be filled and that the director of the department of employment services shall continue to act as the chief executive officer of the division of job service.

Sec. 404. FEDERAL FUNDS APPROPRIATED FOR BUILDING PURCHASE. There is appropriated out of the funds made available to this state pursuant to section 903 of the federal Social Security Act, as amended, for the fiscal year beginning July 1, 1987, and ending June 30, 1988, sixty-two thousand five hundred (62,500) dollars, and for the fiscal year beginning July 1, 1988, and ending June 30, 1989, sixty-two thousand five hundred (62,500) dollars. to the department of employment services for the payment of the first two of four annual payments to the Iowa public employment retirement system for the purchase of that portion of the state administrative office building located at 1000 East Grand, Des Moines, Iowa, which is owned by the Iowa public employment retirement system.

The moneys appropriated in this section shall not be obligated after June 30, 1989. The amount obligated pursuant to this section during any twelve-month period beginning on July 1 and ending on June 30 shall not exceed the amount available far obligation pursuant to section 903 of the federal Social Security Act, as amended, and as reflected in the accounts of the division of job service of the department of employment services and the United States department of labor.

Sec. 405. CONTINGENCY FUND USES -- BUILDING AND EQUIPMENT EXPENSES, ECONOMIC DEVELOPMENT LABOR SURVEYS, DIVISION-APPROVED TRAINING.

1. Notwithstanding the provisions of section 96.13, subsection 3, which restrict the use of moneys in the special employment security contingency fund, moneys in the fund on June 30, 1987, shall not be transferred by the treasurer of state to either the temporary emergency surcharge fund or the unemployment compensation fund, but shall be available to the division of job service of the department of employment services for the fiscal year beginning July 1, 1987, and ending June 30, 1988, for expenditures under subsection 2.

2. The division of job service shall expend moneys which are credited to the special employment security contingency Fund during the fiscal year beginning July 1, 1987, and ending June 30, 1988, including moneys which ace available to the division of job service under subsection 1, only in accordance with the following restrictions:

a. The division may expend up to fifty thousand (50,000) dollars from the fund for upgrading of electrical service within the state administrative office building in order to meet existing standards and for the purchase and installation of word processing equipment in the state administrative office building to replace equipment transferred to the department of inspections and appeals.

b. The division may expend up to two hundred fifty thousand (250,000) dollars from the fund for the support of the county, labor survey, economic development teams.

c. Any balance of moneys in the special employment security contingency fund shall be deposited by the treasurer of state in the division-approved training fund which is created as a special fund in the state treasury. Notwithstanding section 453.7, interest or earnings from moneys deposited in the division-approved training fund shall be credited to that fund. The division shall use moneys from the fund to pay only the instructional cost of training related to tuition and course fees, approved by the division pursuant to section 96.4 and 345 IAC, rules 4.39 and 4.40, for individuals who demonstrate to the division's satisfaction that they are financially incapable of paying the instructional cost of the approved training. However, the division may expend up to thirty thousand (30,000) dollars from the fund for administrative costs relating to payments for division-approved training.

Payments from the fund shall not be made to the individual receiving approved training but shall be made directly to the institution or person providing the approved training. Payments shall not exceed one thousand dollars per individual trainee in any two-year period. The division shall distribute information on the qualification requirements for and availability of payment for the division-approved training to individuals filing claims for benefits or receiving benefits under chapter 96.

Sec. 406. There is appropriated from the general fund of the state to the department of inspections and appeals for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, for the purposes designated:

	1987-1988
	<u>Fiscal Year</u>

1. GENERAL DEPARTMENT

For salaries and support for not more than two hundred twenty-nine point ninety-three full-time equivalent positions, maintenance, and miscellaneous purposes \$ 3,197,500

It is the intent of the general assembly that food and food service establishments receiving a score of ninety points or more in the last two inspections shall be subject to an annual inspection rather than semiannual inspections.

2. EMPLOYMENT APPEAL BOARD

For salaries and support for not more than two point twenty-nine full-time equivalent positions, maintenance, and miscellaneous purposes \$ 29,400

3. FOSTER CARE REVIEW BOARD

For salaries and support for not more than five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 177,000

It is the intent of the general assembly that the foster care review board shall review one hundred percent of the foster care cases in the fifth and sixth judicial districts where pilot programs have been established.

4. The department of inspections and appeals may charge state departments, agencies, and commissions for services rendered and the payment received shall be considered repayment receipts as defined in section 8.2, subsection 5.

Sec. 407. There is appropriated from the road use tax fund to the department of inspections and appeals for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

H F 671

1987-1988
Fiscal Year

For salaries and support for not more than eleven point five full-time equivalent positions, maintenance, and miscellaneous purposes \$ 326,000

Sec. 408. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, for the purposes designated:

1987-1988
Fiscal Year

For salaries and support for not more than thirteen full-time equivalent positions, maintenance and miscellaneous purposes \$ 575,000

Sec. 409. There is appropriated from the administrative services trust fund to the administrative services division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988
Fiscal Year

For salaries and support for not more than forty-seven full-time equivalent positions, maintenance, and miscellaneous purposes \$ 1,300,000

Sec. 410. There is appropriated from the general fund of the state to the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amounts, or so much thereof as is necessary, to be used for the following purposes:

1987-1988
Fiscal Year

1. ADMINISTRATIVE SERVICES

For salaries, support, maintenance and other operational purposes \$ 180,000

2. PROFESSIONAL LICENSING AND REGULATION DIVISION

For salaries and support for not more than nine full-time equivalent positions, maintenance and other operational purposes \$ 628,900

The architectural examining board, the landscape architectural examining board, and the engineering and land surveying examining board for which general fund appropriations have been provided in this subsection may expend additional funds. If those additional expenditures are directly the cause of actual examination expenses exceeding funds budgeted for examinations. Before the architectural examining board, the landscape architectural examining board, or the engineering and land surveying examining board expends or encumbers an amount in excess of the funds budgeted for examinations. the department of management shall approve the expenditure or encumbrance. Before approval is given, the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the board and the board does not have other funds from which examination expenses can be paid. Upon approval of the department of management, the examining board may expend and encumber funds for excess examination expenses. The amounts necessary to fund the examination expenses shall be collected as fees from additional examination applicants and shall be treated as repayment receipts as defined in section 8.2, subsection 5.

The professional licensing division of the department of commerce shall transfer to the administrative services division trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

4. INSURANCE DIVISION

For salaries, support, maintenance and other operational purposes \$ 150,000

It is the intent of the general assembly that the department of commerce shall transfer fifty-five percent of insurance nonexamination revenues received for the fiscal year beginning July 1, 1987 and ending June 30, 1988, to the general fund of the state. To the extent that the remaining forty-five percent of nonexamination revenues available to the division exceed or are projected to exceed the division's appropriation pursuant to this Act, the division may expend a portion of such revenues for the purpose of computerization of the division. However, in no event shall additional expenditures exceed ninety-eight thousand (98,000) dollars unless the director of the department of management shall first approve such expenditure in both amount and purpose.

5. It is the intent of the general assembly that the insurance division of the department of commerce, in its operation of the program of insurance rates and forms review, shall conform its activities to the mission, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The division shall provide a report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the regulation appropriations subcommittee on the performance measures. The division shall be notified by the legislative fiscal bureau by

July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The rates and forms review unit of the insurance division of the department of commerce exists to protect the general public regarding insurance rates and forms and the solvency of public retirement systems under chapter 411 by reviewing all legally required rate and form submissions in a timely manner to ensure that rates and forms available to the public meet all the requirements of state law and reviewing the reports of the public retirement systems under chapter 411 to accomplish the following objectives.

- a. To receive and review all required insurance rate and form submissions for compliance with state law within a period of two weeks from the date of submission.
- b. To limit the number of insurance rate and form resubmissions to less than ten percent of all initial submissions annually.
- c. To limit the number of consumer complaints relating to insurance rates and forms to less than one complaint for each one thousand insurance rates and forms approved annually.
- d. To prevent the insolvency of any public retirement system subject to chapter 411.

The objectives shall serve as targets for the insurance division of the department of commerce and each report shall include a summary of progress toward those objectives. Failure to meet these goals and objectives shall not be grounds for legal action against the insurance division of the department of commerce.

6. It is the intent of the general assembly that the insurance division of the department of commerce, in its operations relating to the enforcement of chapters 505 and 5078, shall conform its activities to the missions, goals, and objectives provided in this subsection and collect information pertaining to performance measures developed by the legislative fiscal bureau. The division shall provide a

report at least quarterly to the legislative fiscal bureau and the co-chairpersons and ranking members of the regulation appropriations subcommittee on the performance measures. The division shall be notified by the legislative fiscal bureau by July 1, 1987 of the specific performance measures for which data shall be collected and reported.

The complaints unit of the insurance division shall investigate all complaints concerning insurance companies or their agents to determine if any insurance laws or practices have been violated. The complaints unit shall assist consumers in registering complaints about insurance companies and agents and provide a forum for consumers to register these complaints without incurring additional costs demanded by the legal system.

The complaints unit shall provide for complaints to be handled in an expeditious manner to protect consumer rights under the law and to mediate agent and company complaints from consumers in an expeditious manner to ensure fair dealings with consumers. The objective of the complaints unit shall be to handle consumer complaints within an average period of twenty-eight days and to begin prosecution of agents and companies who violate the law within twenty-eight days of discovery and to conclude the prosecution within sixty days of its commencement.

The objectives shall serve as targets for the insurance division of the department of commerce and each report shall include a summary of progress toward those objectives.

Failure to meet these goals and objectives shall not be grounds for legal action against the insurance division of the department of commerce.

Sec. 411. Notwithstanding section 123.53, there is appropriated from the beer and liquor control fund to the alcoholic beverages division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, three million five hundred eighty-seven thousand

(3,587,000) dollars, or so much thereof as is necessary, for salaries and support for not more than ninety-three point sixteen full-time equivalent positions, maintenance and other operational purposes. Funds appropriated under this section shall not be used for lease-purchase of cash registers.

The alcoholic beverages division of the department of commerce shall transfer from unappropriated trust funds to the administrative services trust fund during the fiscal year an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, the share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

The alcoholic beverages division may expend additional funds, if those additional expenditures are actual expenses which are required to accomplish an orderly and efficient transition to a system of private liquor sales, subject to the approval of the department of management.

Sec. 412. There is appropriated from the banking revolving fund to the banking division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support for not more than one hundred eighteen point five full-time equivalent positions, maintenance and other operational purposes	\$ 4,623,000

There shall be transferred from Unappropriated trust funds during the fiscal year to the administrative services' trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same

proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The banking division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division spends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 413. There is appropriated from the credit union revolving fund to the credit union division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support for not more than eighteen full-time equivalent positions, maintenance and other operational purposes	\$ 688,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The credit union division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division spends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 414. There is appropriated from the savings and loan revolving fund to the savings and loan division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988

Fiscal Year

For salaries and support for not more than six full-time equivalent positions, maintenance and other operational purposes \$ 246,000.

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The savings and loan division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Sec. 415. There is appropriated from the insurance revolving fund to the insurance division of the department of

commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

1987-1988
Fiscal Year

For salaries and support for not more than eighty-four point eighty-three full-time equivalent positions, maintenance and other operational purposes \$ 3,071,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987. Funds appropriated by this section are exempt from the department of management's quarterly allocations recapture procedure.

The insurance division may expend additional funds, including funds required for additional personnel, if those additional expenditures are actual expenses which exceed the funds budgeted for examinations and directly result from examinations. Before the division expends or encumbers an amount in excess of the funds budgeted for examinations, the director of the department of management shall approve the expenditure or encumbrance. Before approval is given, the director of the department of management shall determine that the examination expenses exceed the funds budgeted by the general assembly to the division and that the division does not have other funds from which examination expenses can be paid. Upon approval of the director of the department of management, the division may expend and encumber funds for excess examination expenses. The amounts necessary to fund the excess examination expenses shall be collected from those

institutions being regulated which caused the excess expenditures, and the collections shall be treated as repayment receipts as defined in section 8.2, subsection 5.

Funds collected under chapter 523A by the insurance division shall be used for administration of chapter 523A and are not subject to the nonexamination revenue transfer.

Funds collected under chapter 523C by the insurance division shall be used for the administration of chapter 523C and are not subject to the nonexamination revenue transfer.

Sec. 416. There is appropriated from the utilities trust fund to the utilities division of the department of commerce for the fiscal year beginning July 1, 1987 and ending June 30, 1988, the following amount, or so much thereof as is necessary, to be used for the following purposes:

	1987-1988
	<u>Fiscal Year</u>
For salaries and support for not more than one hundred two point five full-time equivalent positions, maintenance and other operational purposes	\$ 4,207,000

There shall be transferred from unappropriated trust funds during the fiscal year to the administrative services trust fund an amount which represents the division's share of the actual cost of consolidated administrative services within the department of commerce, such share to be in the same proportion as established by agreement in the fiscal year beginning July 1, 1986 and ending June 30, 1987.

Sec. 417. It is the intent of the general assembly that all state departments require that applications for grants from state funding include a plan for the coordination of the funds with related community service programs to maximize resources to the greatest possible extent.

Sec. 418, Section 2.10, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 8. The chairpersons and ranking members, or their designees, of the senate and house standing committees on appropriations shall receive actual expenses incurred for attending the governor's budget hearings.

Sec. 419. NEW SECTION. 8.6A BUDGET INFORMATION TO APPROPRIATIONS COMMITTEE.

The department of management shall provide all budget handouts to the chairpersons and the ranking members of the senate and house standing committees on appropriations and the legislative fiscal bureau prior to the governor's budget hearings and notify these persons of the schedule of the budget hearings. The department of management shall also provide all appropriate handouts on the budget to the respective co-chairpersons and ranking members of the respective subcommittees of the senate and house standing committees on appropriations.

Sec. 420. Section 10A.106, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Gaming division.

Sec. 421. NEW SECTION. 10A.701 GAMING DIVISION.

The gaming division shall combine and coordinate the supervision of pari-mutuel betting and the conducting of games of skill, games of chance, or raffles in the state. The division shall enforce and implement chapters 99B and 990. The division is headed by the administrator of gaming who shall be appointed pursuant to section 990.6. The state racing commission shall perform duties within the division as prescribed in chapter 990.

Sec. 422. NEW SECTION. 11.5A AUDIT COSTS.

When requested by the auditor of state, the department of management shall transfer from any unappropriated funds in the state treasury an amount not exceeding the expenses and prorated salary costs already paid to perform examinations of state executive agencies and the offices of the judicial department, and federal financial assistance, as defined in

Pub. L. No. 98-502, received by all other departments for which payments by agencies have not been made. Upon payment by the departments, the auditor of state shall credit the payments to the state treasury.

Sec. 423. Section 19A.3, Code 1987, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding other provisions of this section or the Code to the contrary, those employees or positions within the offices of the elected state officers which were exempt from the merit system provisions of this chapter immediately prior to July 1, 1986, shall be exempt from the merit system provisions of this chapter on and after the effective date of this Act.

Sec. 424. Section 84A.1, Subsection 2 unnumbered paragraph 2, Code 1987, is amended to read as follows:

The director of the department of employment services shall serve as job service commissioner and shall prepare, administer, and control the budget of the department and its divisions and shall approve the employment of all personnel of the department and its divisions.

Sec. 425. Section 998.10, Subsection 1, Code 1987, is amended to read as follows:

1. A prize of cash or merchandise exceeding five dollars in value or cash shall not be awarded for use of the device. However, a mechanical or amusement device may be designed or adapted to award a prize or one or more free games or portions of games without payment of additional consideration by the participant.

Sec. 426. Section 135C.2, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The protection and advocacy agency designated in the state, under Pub. L. No. 98-527, the developmental disabilities Act of 1984, and Pub. L. No. 99-319, the protection and advocacy for mentally ill individuals Act of 1986, is recognized as an agency legally authorized and

constituted to ensure the implementation of the purposes of this chapter for populations under its authority and in the manner designated by Pub. L. No. 98-527 and Pub. L. No. 99-319 and in the assurances of the governor of the state.

Sec. 427. Section 135C.16, subsection 3, Code 1987, is amended to read as follows:

3. An inspector of the department may enter any licensed health care facility without a warrant, and may examine all records pertaining to the care provided residents of the facility. An inspector of the department may contact or interview any resident, employee, or any other person who might have knowledge about the operation of a health care facility. An inspector of the department of human services shall have the same right with respect to any facility where one or more residents are cared for entirely or partially at public expense, and an investigator of the designated protection and advocacy agency shall have the same right with respect to any facility where one or more residents have developmental disabilities or mental illnesses, and the state fire marshal or a deputy appointed pursuant to section 135C.9, subsection 1, paragraph "b" shall have the same right of entry into any facility and the right to inspect any records pertinent to fire safety practices and conditions within that facility. If any such inspector has probable cause to believe that any institution, building, or agency not licensed as a health care facility is in fact a health care facility as defined by this chapter, and upon producing identification that the individual is an inspector is denied entry thereto for the purpose of making an inspection, the inspector may, with the assistance of the county attorney of the county in which the purported health care facility is located, apply to the district court for an order requiring the owner or occupant to permit entry and inspection of the premises to determine whether there have been any violations of this chapter.

Sec. 428. Section 135C.17, Code 1987, is amended to read as follows:

135C.17 DUTIES OF OTHER DEPARTMENTS.

It shall be the duty of the department of human services, state fire marshal, and the officers and agents of other state and local governmental units, and the designated protection and advocacy agency to assist the department in carrying out the provisions of this chapter, insofar as the functions of these respective offices and departments are concerned with the health, welfare, and safety of any resident of any health care facility. It shall be the duty of the department to cooperate with the protection and advocacy agency by responding to all reasonable requests for assistance and information as required by federal law and this chapter.

Sec. 429. Section 135C.19, subsection 3, Code 1987, is amended to read as follows:

3. A copy of each citation required to be posted by this subsection shall be sent by the department to the department of human services and to the designated protection and advocacy agency if the facility has one or more residents with developmental disabilities or mental illness.

Sec. 430. Section 135C.38, subsection 1, Code 1987, is amended to read as follows:

1. Upon receipt of a complaint made in accordance with section 135C.37, the department or care review committee shall make a preliminary review of the complaint. Unless the department or committee concludes that the complaint is intended to harass a facility or a licensee or is without reasonable basis, it shall within twenty working days of receipt of the complaint make or cause to be made an on-site inspection of the health care facility which is the subject of the complaint. The department may refer to the care review committee of a facility any complaint received by the department regarding that facility, for initial evaluation and appropriate action by the committee. In any case, the

complainant shall be promptly informed of the result of any action taken by the department or committee in the matter. The complainant shall also be notified of the name, address, and telephone number of the designated protection and advocacy agency if the alleged violation involves a facility with one or more residents with developmental disabilities or mental illness.

Sec. 431. Section 478.4, Code 1901, is amended to read as follows:

478.4 FRANCHISE -- HEARING.

The utilities board shall consider said petition and any objections filed thereto in the manner hereinafter provided. It shall examine the proposed route or cause any engineer selected by it to do so. If a hearing is held on the petition it may hear such testimony as may aid it in determining the propriety of granting such franchise. It may grant such franchise in whole or in part upon such terms, conditions, and restrictions, and with such modifications as to location and route as may seem to it just and proper. Before granting such franchise, the utilities board shall make a finding that the proposed line or lines are necessary to serve a public use and represents a reasonable relationship to an overall plan of transmitting electricity in the public interest. No franchise shall become effective until the petitioners shall pay, or file an agreement to pay, all costs and expenses of the franchise proceeding, whether or not objections are filed, including costs of inspections or examinations of the route, hearing, salaries, publishing of notice, and any other expenses reasonably attributable thereto. The funds received for the costs and the expenses of the franchise proceeding shall be remitted to the treasurer of state for deposit in the general utilities trust fund of the state.

Sec. 432. Section 479.16, Code 1987, is amended to read as follows:

479.1 USE OF FUNDS.

All moneys received under the provisions of this chapter shall be remitted monthly to the treasurer of state and credited to the general utilities trust fund of-the-state.

Sec. 433. Section 505.7, Code 1987, is amended to read as follows:

505.7 FEES -- INSPECTION-AND-EXAMINATION EXPENSES OF DIVISION.

All fees and charges which are required by law to be paid by insurance companies and associations shall be payable to the commissioner of the insurance division of the department of commerce or department of revenue and finance, as provided by law, whose duty it shall be to account for and pay over the same to the treasurer of state at the time and in the manner provided by law. However, fees paid for the inspection or examination of an insurer or other entity subject to regulation by the insurance division shall be deposited in a special trust an insurance revolving fund. The treasurer of state shall hold these funds in an account that shall be established in the name of the commissioner for the payment of the inspection-and-examination expenses of the division upon appropriation by the general assembly. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the commissioner or the commissioner's designated representative, for the payment of all salaries and other expenses necessary to carry out the inspection-or-examination duties of the insurance division. The commissioner may keep on hand with the treasurer of state funds in excess of the current needs of the division. Transfers shall not be made from the general fund of the state or any other fund for the payment of the inspection-and-examination expenses of the division. No part of the funds held by the treasurer of state for the account of the commissioner shall be transferred to the general fund of the state or any other fund. The funds held by the treasurer of state for the account of the commissioner shall be invested by

the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The commissioner shall account for receipts and disbursements according to the separate inspection and examination duties imposed upon the commissioner by the laws of this state and each separate inspection and examination duty shall be fiscally self-sustaining.

Sec. 434. Section 523C.7, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. To the extent necessary to administer the provisions of this chapter., the commissioner may, after notice and hearing, institute a residential service contract for approval or form review fee as the commissioner shall by rule set. The fee, if imposed, may be by dollar amount or based upon a percentage of the sale value of the contract.

Sec. 435. Section 524.207, Code 1987, is amended to read as follows:

524.207 EXPENSES OF THE BANKING DIVISION -- FEES.

All expenses required in the discharge of the duties and responsibilities imposed upon the banking division of the department of commerce, the superintendent, and the state banking board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the superintendent. The superintendent shall pay all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in an account a banking revolving fund that shall be established in the name of the Superintendent for the payment of the expenses of the division. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the superintendent or the superintendent's

designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the banking division of the department of commerce. The superintendent may keep on hand with the treasurer of state funds in excess of the current needs of the division to the extent approved by the state banking board. Transfers shall not be made from the general fund of the state or any other fund for the payment of the expenses of the division. No part of the funds held by the treasurer of state for the account of the superintendent shall be transferred to the general fund of the state or any other fund, except as follows: One-hundred Sixty thousand dollars each fiscal year shall be transferred to the general fund of the state. That amount shall be considered as one of the costs of the division. The funds held by the treasurer of state for the account of the superintendent shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the superintendent.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 436. Section 533.67, Code 1987, is amended to read as follows:

533.67 EXPENSES OF THE CREDIT UNION DIVISION -- FEES.

All expenses required in the discharge of the duties and responsibilities imposed upon the credit union division, the superintendent, and the credit union review board by the laws of this state shall be paid from fees provided by the laws of this state and appropriated by the general assembly from the fund established in this section. All of these fees are payable to the superintendent. The superintendent shall pay

all the fees and other money received by the superintendent to the treasurer of state within the time required by section 12.10. The treasurer of state shall hold these funds in an account a credit union revolving fund that shall be established in the name of the superintendent for the payment of the expenses of the division. This fund is subject at all times to the warrant of the department of revenue and finance, drawn upon written requisition of the superintendent or the superintendent's designated representative, for the payment of all salaries and other expenses necessary to carry out the duties of the division. The superintendent may keep on hand with the treasurer of state funds in excess of the current needs of the division to the extent approved by the credit union review board. No transfers shall be made from the general fund of the state or any other fund for the payment of the expenses of the division. No part of the funds held by the treasurer of state for the account of the superintendent shall be transferred to the general fund of the state or any other fund, except as follows: Potty Thirty thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the division. The funds held by the treasurer of state for the account of the superintendent shall be invested by the treasurer of state and the income derived from these investments shall be credited to the general fund of the state.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the fund created in this section and held for the superintendent.

The superintendent shall account for receipts and disbursements according to the separate duties imposed upon the superintendent by the laws of this state and each separate duty shall be fiscally self-sustaining.

Sec. 437. Section 534.408, subsection 1, Code 1987, is amended to read as follows:

1. PAYABLE TO DIVISION. Associations shall pay fees by delivering to the superintendent a check payable to the savings and loan division of the department of commerce. All fees collected under this chapter shall be deposited with the treasurer of state in a separate fund to be known as the savings and loan revolving fund, except fifteen eleven thousand dollars each fiscal year shall be transferred to the general fund of the state. The amount shall be considered as one of the costs of the savings and loan division. All expenses necessary to carry out this chapter shall be paid from the savings and loan revolving fund and appropriated by the general assembly from the fund.

The authority to modify allotments provided in section 8.31 shall not apply to funds appropriated from the savings and loan fund.

Sec. 438. Section 546.2, subsection 3, paragraph d, Code 1987, is amended by striking the paragraph.

Sec. 439. NEW SECTION. 546.11 ADMINISTRATIVE SERVICES TRUST FUND CREATED.

There is created in the office of the treasurer of state for the department of commerce an administrative services trust fund. Moneys paid to the department by the divisions for administrative services shall be credited to the fund. All costs for administrative services provided by the department to the respective divisions shall be paid from this fund, subject to appropriation by the general assembly.

Sec. 440. Section 546.6, Code 1987, is repealed.

Sec. 441. All appropriations from the general fund of the state for the fiscal year beginning July 1, 1967 and ending June 30, 1988 which are enacted by the Seventy-second General Assembly, 1987 Session, and become law and all standing appropriations from the general fund of the state provided by law for the fiscal year beginning July 1, 1987 and ending June 30, 1988 for executive departments and agencies or state programs administered by the executive departments or agencies are

reduced by one-tenth of one percent for the fiscal year beginning July 1, 1987 and ending June 30, 1988.

Sec. 442. Sections 104, 309, and 310 of this Act, being deemed of immediate importance, take effect upon its enactment.

Sec. 443. All Federal grants to and the Federal receipts of the agencies appropriated funds under this division of this Act are appropriated for the purposes set forth in such federal grants or receipts unless otherwise provided by the general assembly.

DONALD D. AWENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 671, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor



OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-9211

TERRY E. BRANSTAD
GOVERNOR

June 9, 1987

The Honorable Elaine Baxter
Secretary of State
State Capitol building
L O C A L

Dear Madam Secretary:

I hereby transmit House File 671, an act relating to the financing of public agencies and programs by making appropriations to agencies, boards, commissions, departments, and programs of state government for health and human rights, human services, the judicial branch, the department of justice, the department of corrections, the board of parole, the auditor of state, campaign finance, employment services, inspections and appeals, employment relations, and commerce, relating to human organ and tissue transplants, by providing for use of certain funds from a separate fund from civil penalties for certain violations, by providing for the repeal of the division of children, youth, and families in the department of human rights, by transferring the gaming division to the department of inspections and appeals, relating to the protection and advocacy designated in the state, by providing for budget reductions for certain agencies, and providing effective dates.

House File 671 makes appropriations for the financing of agencies ranging from Department of Health to the Department of Inspections and Appeals. It clearly provides for excessive spending, especially in human services area where appropriations exceed my recommendations by over \$20 million on an annualized basis. A myriad of new programs are created with future year costs that are even greater than those for which funds are appropriated in fiscal year 1588. Given the state's tight fiscal condition with the recent adjournment of the extraordinary session of the Seventy-second General Assembly, I must take action to cut \$19.203 million from this budget bill. To do otherwise would leave Iowans without a balanced budget and with an excessive level of spending.

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The budget cuts incorporated in this item veto message affect new programs and existing programs for which additional funding is provided. Efforts are made to protect existing state obligations and areas of particular priority, such as welfare and foster care reform.

In combination with item vetoes incorporated in House File 511, state spending will be reduced by a total of \$35.13 million. This will allow the state to meet its legal obligations and provide a modest ending balance in fiscal year 1988, according to the Department of Management.

House File 671 is, therefore, approved as of this date with the following exceptions which I hereby disapprove.

I am unable to approve the item designated as that portion of Section 101, subsections 2, 3, and 4 in their entirety.

These subsections provide detailed performance measures and reporting requirements for the state Civil Rights Commission. The Department of Management has established an appropriate performance review system for the Commission. To allow the legislature to involve itself in the administration of state government is an inappropriate encroachment upon executive branch authority. As a result, I cannot approve these subsections.

I am unable to approve the item designated as that portion of Section 102, subsection 1, item b, in its entirety.

This provision in House File 671 establishes a new family self sufficiency program and provides a \$600,000 appropriation for it. While the purposes of the program may be commendable, the state simply cannot afford to establish these additional services at this time. In light of the legislature's recent action, we will do well to simply maintain existing programs and to direct available funds into priority areas that best serve the essential needs of Iowans. Additional funds for these purposes will have to wait until the state is in a better financial position.

I am unable to approve the item designated as that portion of Section 102, subsection 5, first unnumbered paragraph, which reads as follows:

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"The governor's advisory council on juvenile justice shall determine the staffing level necessary to carry out federal and state mandates for juvenile justice."

This item inappropriately places the staffing authority within the Juvenile Justice Advisory Council rather than with the management of the entity. Appropriate staffing is an area of administrative discretion which must be retained by the staff of the Advisory Council in order to make certain that federal mandates are met.

I am unable to approve the item designated as that portion of Section 103, subsection 3; and Section 104, in its entirety.

This item provides \$95,000 for the elder law education program and an additional \$75,000 to the Department of Elder Affairs for an elder law on wheels program. Again, the purpose of these programs is commendable. However, they are additions to the state budget which simply cannot be afforded at this time.

I am unable to approve the item designated as that portion of Section 105, subsection 8, second unnumbered paragraph.

This unnumbered paragraph requires the professional licensure boards to establish special accounts which are not subject to restrictions imposed on the state's general fund. While I believe that an appropriate level of funding must be provided to the professional licensure boards, I can not accept the further establishment of special funds outside the general fund. Taxpayers of this state need to have a clear accounting of the taxes and fees which are received and the funds which are expended. That can only be accomplished by maintaining these funds in the general fund of the state.

I am unable to approve the item designated as Section 112 in its entirety.

This section eliminates the compensation for members of the Health Facilities Council. Since these members were appointed to the Council with provisions for their compensation, removing that compensation now would be unfair and inappropriate. Grandfathering existing board members in and then eliminating the compensation for future members would be a more appropriate method of accomplishing the goals of this section.

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I am unable to approve the item designated as that portion of Section 201, which reads as follows:

"As a condition of this appropriation, one hundred seventy thousand (170,000) dollars is allocated for five full-time equivalent positions for the bureau of operations analysis."

This expenditure is inconsistent with the recommendations of restructuring and downsizing report of last year and with my budget recommendations. The restructuring consultants determined that this function can be accomplished without a separate appropriation. As a result, this is clearly an area of savings to help balance the state budget.

I am unable to approve the item designated as that portion of Section 201, unnumbered paragraphs 2 and 3 in their entirety.

This item places unnecessary and overly restrictive performance management requirements on the Department of Human Services. This is an executive branch function.

I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph a, in its entirety.

This item increases the payment for AFDC recipients by 6.5 percent. The increase in state spending to pay for these additional welfare benefits is approximately \$5.7 million. Those funds will be set aside to help balance the budget. Given the shortage of state funds, we would do well to maintain existing services for these needy Iowans. Indeed, Iowa's current welfare payment level ranks well in comparison with neighboring states. Moreover, an increase in the reimbursement level for AFDC recipients was provided last year by 5.7 percent; an additional increase will have to wait until the state's fiscal house is in better order.

In addition, I am hopeful that we can embark on an aggressive program of welfare reform to provide better education and job training opportunities for Iowans on AFDC. Our goal should be to provide Iowans with an opportunity to climb the ladder out of poverty and I plan to make recommendations next session to the next General Assembly in 1988 to help accomplish that goal. New funding is retained in this bill to give AFDC recipients self-employment opportunities.

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I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph b, in its entirety.

This item provides \$400,000 in a new program for emergency assistance to AFDC recipients. While I understand the need to provide such assistance to needy families, I believe that we must accomplish this through our existing programs which already have liberal authorization levels. The state budget simply cannot afford this added level of spending at this time.

I am unable to approve the item designated as that portion of Section 203, subsection 1, lettered paragraph c, in its entirety.

This item appropriates \$350,000 to the Iowa Finance Authority for a special housing program. Low income housing is an important issue which should be addressed by the Iowa Finance Authority. I have signed into law provisions of House File 603 to provide the Authority with a mechanism to do so. However, the state budget cannot afford the additional \$350,000 in spending at this time. Other sources of funding for low income housing should be explored.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

"The department of human services shall develop policies and guidelines to implement on a pilot basis a special case management program for Title XIX enrollees, after reviewing programs in place in other states. The department, in consultation with the legislative fiscal bureau and under monitoring by the fiscal committee of the legislative council, shall develop a methodology to evaluate and compare the effectiveness of the provision of Title XIX services through case management and through health maintenance organizations, in terms of both cost and health outcomes. The evaluation shall continue for at least eighteen months subsequent to the implementation of the programs."

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This item in House File 671 would limit the ability of the Department of Human Services to put in place health maintenance organizations to contain health care costs. At the present time, the continued spiraling of costs for entitlement programs can be controlled only by eliminating available services or contracting for those services. An HMO concept is one worthy of investigation as we seek to contain these costs for taxpayers. Therefore, I cannot accept an eighteen month delay in efforts to control health care costs.

I am unable to accept the item designated as that portion of Section 203, subsection 2, which reads as follows:

"Effective October 1, 1987, the department shall extend coverage to include caretaker relatives under the medically needy program. The department shall increase resource limitations under the medically needy program to five thousand dollars for a one-person household and seven thousand five hundred dollars for a family of two or more persons. For the medically needy program, the department shall be allowed to set the length of the certification period, as authorized by federal regulations."

This item in House File 671 extends coverage of the medically needy program to caretaker relatives. The cost of this program is estimated at over \$500,000 in fiscal year 1988. Given the state's difficult budget conditions, I cannot approve this costly expansion of the medically needy program.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

"Effective October 1, 1987, the department shall extend medical assistance benefits for an additional six months to individuals who lose assistance through the aid to families with dependent children program solely due to the loss of the thirty dollars and one-third earned income disregard."

This item extends Medicaid benefits for an additional six months to those on AFDC affected by the thirty and one-third income disregard. This again expands the existing program and provides an additional cost of at least \$15,000. As a result, I cannot accept it at this time.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

"Effective January 1, 1988, the department shall provide medical assistance to all pregnant women, and infants and children up to age five on an incremental basis; and to all individuals who are aged, blind, or disabled, whose income does not exceed one hundred percent of the federal poverty level. Resource limitations shall be five thousand dollars for a one person household and seven thousand five hundred dollars for a family of two or more people. Aged, blind, or disabled individuals shall have income and resources treated according to supplemental security income methodologies. Pregnant women, and infants and children shall have income and resources treated according to aid to families with dependent children methodologies. All other medical assistance program requirements shall apply. Phased-in coverage for children shall begin January 1, 1988, for children up to the age of one and continued through January 1, 1992."

This item of Eouse Tile 671 extends the medically needy program to pregnant women and children at the cost of over \$200,000. Again, given the state's fiscal condition, such an expansion of the medically needy program cannot be accomplished at this time. We should, instead, direct our limited resources to maintain existing services. Also, our Medicaid program offers among the widest array of services in the country. A further liberalization is *not* called for.

I am unable to approve the item designated as that portion of Section 203, subsection 2, which reads as follows:

"Of the funds appropriated in this subsection, the department shall expend not more than three hundred seventy-seven thousand (377,000) dollars for the following:

- a. To develop necessary standards and payment processes, write administrative rules, develop employee and provider manuals, amend the state medical assistance plan, and provide employee and provider training to expand medical assistance coverage for the following services: case management, day training and habilitation, day treatment, and substance abuse. . .

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b. To modify existing medical assistance service definitions to encompass the following additional services: transportation, medication management, partial hospitalization, rehabilitation services, diagnosis and evaluation, family support, and early intervention.

c. To develop and submit waiver applications for the following service areas: respite care, homemaking and chore housekeeping, in-home training, vocational services, nonmedical transportation, and behavior management.

Amendments to the medical assistance plan and modifications of existing medical assistance service definitions shall be completed for implementation no later than July 1, 1988.

By October 1, 1987, the department shall submit a revised medical assistance plan to the United States department of health and human services for implementation no later than July 1, 1988.

The department shall hire a contractor or employ a staff under a twelve-month personal service contract to complete the project. The department shall provide the general assembly with a detailed progress report no later than January 1, 1988.

It is the intent of the general assembly that county and block grant funds made available as a consequence of enhanced federal funding for services under medical assistance be used for purposes of implementing section 225C.28. The department shall develop a system for identifying prior expenditures on the services covered under changes to the medical assistance plan or by waiver application and proposals for requiring a maintenance of financial effort subsequent to a replacement of state or county funds by federal funds. Those proposals shall be submitted to the General assembly by January 1, 1988."

This item in House File 671 expends \$337,000 of additional funds to expand existing medical assistance services. While I understand that this expansion is part of the proposed bill of rights program, the state can ill afford to expand existing programs when we are having a difficult time meeting our current obligations. Also, implementation of the bill of rights should wait until the state has planned a more cost-effective program. As a result, I cannot approve this additional spending at this time.

The Honorable Elaine Baxter
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I am unable to approve that item designated as that portion of Section 203, subsection 11, lettered paragraph a, in its entirety.

This item provides an additional \$120,000 to the Department for the displaced homemaker program. This program was recommended for elimination by the recent restructuring and downsizing report of state government. As a result, it is recommended for elimination here in tune with the critical need to reduce excessive state appropriations.

I am unable to approve the item designated as that portion of Section 203, subsection 13, in its entirety.

This subsection puts unreasonable and unnecessary restrictions on the ability of the executive branch to manage the appropriations to the entitlement programs. The section greatly limits the transfer authority and exempts these items from the 8.31 budget reduction allotments. This dramatic change in the state's budget and accounting methodologies could effectively hamstring our ability to respond to budget shortfalls which are made more likely due to the recent legislative action. In order for state government to maintain the availability of, essential services to needy Iowans, appropriate budgetary flexibility is provided in the current budget control laws.

Without the ability to transfer funds, the state may force some recipients who are entitled to the programs to simply go without essential services. By exempting all of the human services entitlement programs from the across-the-board cut procedure, the legislature could force the impacts of such cuts to fall more fully on property taxpayers. Because of the substantial change in the state budget control act incorporated in this item and its potentially devastating impact on human service programs and property taxpayers, I must disapprove it.

I am unable to approve the item designated as that portion of Section 205, subsection 5, in its entirety.

This item of House File 671 requires the department to send department representatives to events where psychiatrists are likely to be recruited. Certainly, the department has the ability to appropriately recruit psychiatrists without this detailed directive from the General Assembly. The department

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does plan to aggressively recruit psychiatrists for the state mental health institutions without this unnecessary legislative order.

I am unable to approve that item designated as that portion of Section 205, subsection 6, in its entirety.

This item provides an additional \$200,000 in appropriations to a particular county's in mental treatment center. This expansion of state funding for a county subsidy cannot be justified, given the state's right financial situation.

I am unable to approve the item designated as that portion of Section 205, subsection 7, in its entirety.

This subsection provides an additional \$100,000 for rural mental health services. While I understand the need for these services in rural areas, I cannot approve an additional appropriation for that purpose at this time. It is expected that the federal government will provide additional funds to rural areas for such services in the near future. As a result, these state appropriations may not be needed.

I am unable to approve that item designated as that portion of Section 207, subsection 2, in its entirety.

This item provides \$2 million of new state appropriations to begin the implementation of the bill of rights. It is expected that the full cost of the implementation of this program could be up to \$147 million for state and local taxpayers. The additional liability for the state is excessive at this time.

Rather, with this action, I am retaining the authority of the department to expend \$600,000 to develop an appropriate plan for a rational, cost effective, and financially limited implementation of the bill of rights. I believe that an appropriate implementation plan could achieve the goals of many of the advocates of the bill of rights while rationalizing the state's current human service delivery system. In addition, the department will utilize a portion of the \$600,000 to reduce the population at the state hospital schools and the state mental health institutes, consistent with the goals of the bill of rights.

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I am unable to approve the item designated as that portion of Section 213, subsection 5, second unnumbered sentence; Section 213, subsection 6, first paragraph; and Section 213, subsections 7, 8, 9, and 10, in their entirety.

These sections provide for an increase in reimbursement rates for human services providers. Some adjustments in reimbursement rates will be necessary in the future and are provided for hospitals. However, given the condition of the state's budget, such an increase simply cannot be afforded at this time. Almost \$8 million of spending can be cut from the state's budget by maintaining reimbursement rates at the current level. This item veto does just that. When the state's budgetary condition improves, I will be willing to consider appropriate increases in reimbursement rates. In fact, I will review the need for that action when I present my fiscal year 1989 budget to the General Assembly in January.

I am unable to approve the item designated as Section 215 in its entirety.

This item prohibits the transfer of gamblers assistance funds to other programs in the department of human services. While the gamblers assistance fund is needed to provide for awareness and treatment of addictions to gambling, this section inappropriately restricts the department's use of these funds. In a budgetary crunch, such funds may be necessary to provide essential services to needy Iowans. Thus, we should not excessively restrict the utilization of these funds for contingencies.

I am unable to approve the item designated as Section 227 in its entirety.

This section prohibits any transfers of appropriations in the supplemental appropriation bill. Such transfers are essential to ensure a balanced state budget and to provide appropriate funds for statutorily authorized services. A transfer procedure has been established in the budget control act and it will continue to be followed.

I am unable to approve the item designated as that portion of Section 301, subsection 6, in its entirety.

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This item provides \$250,000 for the legal assistance to farmers program. Three hundred thousand dollars is approved for the farm mediation services program which can provide necessary legal and mediation assistance to farmers suffering financial difficulties. Given the increase in appropriations in the mediation service program and the state's difficult financial situation; the additional \$250,000 for legal, services must be denied.

I am unable to approve that item designated as Section 301, subsection 8, in its entirety.

This item provides \$50,000 for dispute resolution centers. This is a commendable program, but one for which sufficient funds are not available.

I am unable to approve the item designated as Section 304, subsection 3, first paragraph.

This item establishes an inmate population review committee to review prison population trends. The Legislative Fiscal Bureau staffs the committee and legislators serve as members. Such an arrangement invades the administrative discretion of the executive branch. An executive branch committee with ex-officio legislative members would be acceptable.

I am unable to approve the item designated as that portion of Section 305, subsection 6, in its entirety.

This subsection establishes a new program to provide legal assistance to inmates in the Iowa correctional system who have the need for civil litigation. Providing free bankruptcy and dissolution services to inmates is a frill the state simply cannot afford.

I am unable to approve the item designated as Section 306, unnumbered paragraph 6, and subsections 1, 2, 3, and 4, in their entirety.

This item establishes detailed performance review and reporting requirements from the Department of Corrections. Again, the Department of Management has established an appropriate performance review mechanism and will provide reports to the

The Honorable Elaine Baxter
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legislative branch. However, this detailed level of performance management and reporting is an encroachment upon the executive branch's discretion to administer state programs.

I am unable to approve the item designated as Section 311 in its entirety.

This item in House File 671 prevents the Governor, the Director of Management, or any other person in the executive branch from reviewing the budget for the courts and making appropriate recommendations to the General Assembly. The Governor has the responsibility to provide for a balanced budget in recommendations made to the General Assembly. This legislation would seriously restrict the executive branch's ability to accomplish that important constitutional task and thus is not approved.

I am unable to approve the item designated as that portion of Section 401, which reads as follows:

"It is the intent of the general assembly that the auditor of state shall complete all audits for prior fiscal years required for the Iowa department of public health, the department of human services, the state department of transportation, and the state board of regents during the fiscal year beginning July 1, 1987 and ending June 30, 1988."

The legislature has established a reimbursement mechanism in House File 671 to allow the auditor to catch up on audits of state agencies. At the same time, the legislature reduced appropriations for the auditor by over \$500,000 from the Governor's recommended level. While some reimbursement is possible for non-general fund audits, the departments have not received the additional funds necessary to reimburse the auditor for additional general fund audits. Until the additional funds are provided, the auditor would do well to limit back audits to those which can be reimbursed with non-general funds.

I am unable to approve the item designated as that portion of Section 403, subsection 4, first paragraph.

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This unnumbered paragraph restricts the management of the Department of Employment Services, as a single entity. This provision prohibits transfers between independent divisions. As such, the Department of Employment Services will be little more than a confederation, rather than a department with the integrated administrative services necessary to achieve operational efficiencies. As a result, I must disapprove this unnumbered paragraph.

I am unable to approve the item designated as that portion of Section 410, subsection 5 and 6 in its entirety.

These subsections provide for detailed performance evaluation reporting requirements for the Insurance Division. The Department of Management has developed appropriate performance measures which can be communicated at appropriate times to the legislative branch. However, this detailed list of performance measures encroaches upon executive branch's discretion to manage state government.

I am unable to approve the items assigned as Sections 418 and 419 in their entirety.

These sections allow the chairpersons and ranking members of the appropriations committees to receive actual expenses for attending the Governor's budget hearings. In addition, it imposes an additional paperwork burden on the Department of Management to provide budget handouts to these individuals. The legislative branch has the ability to take care of these information needs without imposing additional burdens on the Department of Management.

I am unable to approve the item designated as Section 423 in its entirety.

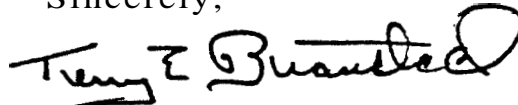
This section of House File 671 eliminates over 28 positions from the merit system, most of which are clerical. The reorganization of state government limited the availability of nonmerit positions in state government. The merit system appropriately insulates state government from the "spoils system". It should be maintained.

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In summary, House File 671 includes \$19.203 million of excessive spending. In addition, this legislation includes a number of statutory changes which encroach upon the ability of the executive branch to manage state government. The excessive spending and encroachments are removed from the bill.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of the 1968 Constitution of the State of Iowa. All other items in House File 671 are hereby approved as of this date.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad". The signature is written in a cursive style with a large, looped "D" at the end.

Terry E. Branstad
Governor

TEB/ps

cc: Secretary of Senate
Chief Clerk of the House

shall result in the risk retention group being considered an unauthorized insurer under chapter 507A.

DONALD D. AVENSON
Speaker of the House

HOUSE FILE 673

AN ACT

TO IMPOSE THE PREMIUM TAX ON RISK RETENTION GROUPS.

JO ANN ZIMMERMAN
President of the Senate

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

I hereby certify that this bill originated in the House and is known as House File 673, Seventy-second General Assembly.

Section 1. NEW SECTION. 432.5 RISK RETENTION GROUPS.

A risk retention group organized and operating pursuant to Pub. L. No. 99-563, also known as the risk retention amendments of 1986, shall pay as taxes to the director of revenue and finance an amount equal to two percent of the gross amount of the premiums received during the previous calendar year for risks placed in this state. A resident or nonresident agent shall report and pay the taxes on the premiums for risks that the agent has placed in this state with or on behalf of a risk retention group. The failure of a risk retention group to pay the tax imposed in this section

JOSEPH O'HEARN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

HH 673

HOUSE FILE 675

AN ACT

RELATING TO TAXATION IN REGARD TO THE WITHHOLDING ON PARI-
MUTUEL WINNINGS, APPLICATION OF A NET OPERATING LOSS, FILING
OF-NONRESIDENT INCOME TAX RETURNS, DUE DATE OF INDIVIDUAL
ESTIMATED TAX PAYMENTS, THE TAXATION OF CERTAIN SERVICES
AND THE DETERMINATION, FOR PURPOSES OF THE STATE SALES,
SERVICES, AND USE TAX, OF WHEN CERTAIN BUILDING MATERIALS
ARE NOT SUBJECT TO THE TAX AND OF THE GROSS RECEIPTS AND
PURCHASE PRICE WHEN TANGIBLE PERSONAL PROPERTY IS USED IN
PROCESSING OR IS TRADED TO THE RETAILER AS PART OF THE
TRANSACTION SUBJECT TO THE TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 99D.16 WITHHOLDING TAX ON
WINNINGS.

All winnings provided in section 99D.11 are Iowa earned
income and are subject to state and federal income tax laws.
An amount deducted from winnings for payment of the state tax
shall be remitted to the department of revenue and finance on
behalf of the individual who won the wager.

Sec. 2. Section 422.5. subsection 2, Code 1907. is amended
to read as follows:

2. However, no the tax shall not be imposed on any a
resident or nonresident whose net income, as defined in

section 422.7, is five thousand dollars or less; but in the
event that the payment of tax under this division would reduce
the net income to less than five thousand dollars, then the
tax shall be reduced to that amount which would result in
allowing the taxpayer to retain a net income of five thousand
dollars. The preceding sentence does not apply to estates or
trusts. For the purpose of this subsection, the entire net
income, including any part thereof of the net income not
allocated to Iowa, shall be taken into account. If the
combined net income of a husband and wife exceeds five
thousand dollars, neither of them shall receive the benefit of
this subsection, and it is immaterial whether they file a
joint return or separate returns. However, if a husband and
wife file separate returns and have a combined net income of
five thousand dollars or less, neither spouse shall receive
the benefit of this paragraph, if one spouse has a net
operating loss and elects to carry back or carry forward the
loss as provided in section 422.9, subsection 3. A person who
is claimed as a dependent by another person as defined in
section 422.12 shall not receive the benefit of this
subsection if the person claiming the dependent has net income
exceeding five thousand dollars or the person claiming the
dependent and the person's spouse have combined net income
exceeding five thousand dollars.

Sec. 3. Section 422.13, Code 1907, is amended by adding
the following new subsection:

NEW SUBSECTION. 5. Notwithstanding subsections 1 through
4 and sections 422.15 and 422.36, a partnership, trust, or
corporation whose stockholders are taxed on the corporation's
income under the provisions of the Internal Revenue Code is
entitled to request permission from the director to file a
composite return for the nonresident partners, beneficiaries,
or shareholders. The director may grant permission to file or
require that a composite return be filed under the conditions
deemed appropriate by the director. A partnership, trust, or

corporation filing a composite return is liable for tax required to be shown due on the return. All powers of the director and requirements of the director apply to returns filed under this subsection including, but not limited to, the provisions of this division and division VI of this chapter.

Sec. 4. Section 422.16, subsection 11, paragraph a, Code 1987, is amended to read as follows:

a. Every person or married couple filing a return shall make estimated tax payments if the person's or couple's Iowa income tax attributable to income other than wages subject to withholding can reasonably be expected to amount to fifty dollars or more for the taxable year, except that, in the cases of Earners and fishers fishermen, the exceptions provided in the Internal Revenue Code of 1954 with respect to making estimated payments shall apply. The estimated tax shall be paid in quarterly installments. The first installment shall be paid on or before the fast fifteenth day of the fourth month of the taxpayer's tax year for which the estimated payments apply. The other installments shall be paid on or before June 30, September 30, and January 31. However, at the election of the person or married couple, any an installment of the estimated tax may be paid prior to the date prescribed for its payment. If a person or married couple filing a return has reason to believe that the person's or couple's Iowa income tax may increase or decrease, either for purposes of meeting the requirement to make estimated tax payments or for the purpose of increasing or decreasing estimated tax payments, shall increase or decrease any subsequent estimated tax payments accordingly.

Sec. 5. Section 422.42, subsection 3, Code 1987, is amended to read as follows:

3. "Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing, for resale of tangible personal property or taxable services, or for resale of tangible personal property

in connection with taxable services, and includes the sale of gas, electricity, water, and communication service to retail consumers or users, but does not include agricultural breeding livestock and domesticated fowl, or commercial fertilizer, agricultural limestone, or herbicide, pesticide, insecticide, food and medication and agricultural drain tile and installation thereof which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market, and does not include electricity, steam or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but not limited to, treatment of material to change its form, context or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or will be consumed as fuel in creating heat, power, or steam for processing including grain drying, for providing heat or cooling for livestock buildings or for generating electric current, or be consumed in self-propelled

implements of husbandry engaged in agricultural production, or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail or consumed in the maintenance or repair of fabric or clothing, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption.

Sec. 6. Section 422.42, subsection 6, paragraph b, subparagraph (2), Code 1987, is amended to read as follows:

(2) The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail ~~and will be subject to the tax under section 422.43 when sold~~ or is intended to be used by the retailer or another in the remanufacturing of a like item.

Sec. 7. Section 422.42, subsections 9 and 10, Code 1987, are amended to read as follows:

9. Sales of building materials, supplies, and equipment to owners, contractors, subcontractors or builders, for the erection of buildings or the alteration, repair, or improvement of real property, are retail sales in whatever quantity sold. Where the owner, contractor, subcontractor, or builder is also a retailer holding a retail sales tax permit and transacting retail sales of building materials, supplies, and equipment, the person shall purchase such items of tangible personal property without liability for the tax if such property will be subject to the tax at the time of resale or at the time it is withdrawn from inventory for construction purposes. The sales tax shall be due in the reporting period when the materials, supplies, and equipment are withdrawn from inventory for construction purposes or when sold at retail. The tax shall not be due when materials are withdrawn from inventory for use in construction outside of Iowa and the tax

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shall not apply to tangible personal property purchased and consumed by the manufacturer as building materials in the performance by the manufacturer or its subcontractor of construction outside of Iowa.

10. The use within this state of tangible personal property by the manufacturer thereof, as building materials, supplies, or equipment, in the performance of construction contracts ~~or for any other purpose except for resale or processing in Iowa~~, shall, for the purpose of this division, be construed as a sale at retail thereof by the manufacturer who shall be deemed to be the consumer of such tangible personal property. The tax shall be computed upon the cost to the manufacturer of the fabrication or production thereof.

Sec. 8. Section 422.43, subsection 11, Code 1987, is amended to read as follows:

11. The following enumerated services are subject to the tax imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment ~~counseling, excluding investment services~~ of trust-deputtaents; bunk service charges of all financial institutions; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical and electronic repair and installation; rental of tangible personal property; excavating and grading; farm implement repair of all kinds; flying service; furniture, rug, upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; house and building moving; household appliance, television, and radio repair; jewelry and watch repair; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking facilities; pipe fitting and plumbing; wood preparation; licensed executive search agencies; private

employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; sewing and stitching; shoe repair and shoeshine; storage warehousing of raw agricultural products; telephone answering service; test laboratories, except tests on humans; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing; cable television; campgrounds; carpet and upholstery cleaning; gun and camera repair; janitorial and building maintenance or cleaning; lawn care, landscaping and tree trimming and removal; ~~lobbying-service;~~ pet grooming; reflexology; security and detective services; tanning beds or salons; and water conditioning and softening. For purposes of this subsection, gross taxable services from rental includes rents, royalties, and copyright and license fees. For purposes of this subsection, "financial institutions" means all national banks, federally chartered savings and loan associations, federally chartered savings banks, federally chartered credit unions, banks organized under chapter 524, savings and loan associations and savings banks organized under chapter 534, and credit unions organized under chapter 533. For purposes of this subsection, ~~"lobbying service" means the rendering, furnishing or performing, for a fee, salary or other compensation, activities which are intended or used for the purpose of encouraging the passage, defeat, or modification of legislation or for influencing the decision of the members of a legislative committee or subcommittee or the representing, for a fee, salary or other compensation, on a regular basis an organization which has as one of its purposes the encouragement of the passage, defeat or modification of legislation or the influencing of the decision of the members of a legislative committee or a~~

~~subcommittee--"lobbying-service" does not include the activities of a federal, state, or local government official or employee acting within the course of the official's or employee's duties or a representative of the news media engaged only in the reporting and dissemination of news and editorials.~~

Sec. 9. Section 422.45, subsection 19, Code 1987, is amended to read as follows:

19. The gross receipts from the sale of property which is a container, label, carton, pallet, packing case, wrapping paper, twine, bag, bottle, shipping case or other similar article or receptacle sold to retailers or manufacturers for the purpose of packaging or facilitating the transportation of tangible personal property sold at retail or transferred in association with the maintenance or repair of fabric or clothing.

Sec. 10. Section 423.1, subsection 3, paragraph b, subparagraph (2), Code 1987, is amended to read as follows:

(2) The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail ~~and will be subject to the tax under section 422.43 or this chapter when sold~~ or is intended to be used by the retailer or another in the remanufacturing of a like item.

Sec. 11. Section 423.1, subsection 10, Code 1987, is amended to read as follows:

10. Definitions contained in section 422.42 shall apply to the provisions of this chapter according to their context. The use in this state of building materials, supplies, or equipment, the sale or use of which is not treated as a retail sale or a sale at retail under section 422.42, subsections 9 and 10, shall not be subject to tax under this chapter.

Sec. 12. Sections 1, 2, and 3 of the Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

Sec. 13. Section 4 of this Act is effective January 1, 1988 for tax years beginning on or after that date.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 675, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

H. F. 675

Sec. 3. This Act being deemed of immediate importance is effective upon enactment.

DONALD D. AVENSON
Speaker of the House

HOUSE FILE 676

AN ACT
RELATING TO THE IMPOSITION AND REPEAL OF A LOCAL OPTION SALES
AND SERVICES TAX AND PROVIDING EFFECTIVE DATES.

JO ANN ZIMMERMAN
President of the Senate

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

I hereby certify that this bill originated in the House and is known as House File 676, Seventy-second General Assembly.

Section 1. In any county that is required to impose a local option sales and services tax on July 1, 1987, the board of supervisors shall not impose the local option sales and services tax, notwithstanding any contrary provision of chapter 422B, in an incorporated city area in which the tax is to be imposed upon receipt of a motion adopted by the governing body of that incorporated city area requesting the tax not be imposed. The board of supervisors shall not impose the local option sales and services tax if the motion was received prior to July 1, 1987.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

Sec. 2 Section 1 of this Act is repealed July 1, 1987.

HF 676

HOUSE FILE 682

AN ACT

RELATING TO CERTAIN STATE TAXES BY ALLOWING COMPOSITE RETURNS TO BE FILED FOR NONRESIDENTS FOR INCOME TAX PURPOSES AND PROVIDING FOR FUEL EXEMPTION CERTIFICATES UNDER THE STATE SALES, SERVICES, AND USE TAX AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 422.13, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Notwithstanding subsections 1 through 4 and sections 422.15 and 422.36, a partnership, trust, or corporation whose stockholders are taxed on the corporation's income under the provisions of the Internal Revenue Code is entitled to request permission from the director to file a composite return for the nonresident partners, beneficiaries, and shareholders. The director may grant permission to file or require that a composite return be filed under the conditions deemed appropriate by the director. A partnership, trust, or corporation filing a composite return is liable for tax required to be shown due on the return. All powers of the director and requirements of the director apply to returns filed under this subsection, including but not limited to, the provisions of this division and division VI of this chapter.

Sec. 2. Section 422.47, subsection 3, paragraphs a and b, Code 1987, are amended to read as follows:

a. The department shall issue or the seller may separately provide exemption certificates in the form prescribed by the director to assist retailers in properly accounting for nontaxable sales of tangible personal property or services to purchasers for purposes of resale or for processing, except fuel consumed in processing.

b. The sales tax liability for all sales of tangible personal property and all sales of services is upon the seller and the purchaser unless the seller takes in good faith from the purchaser a valid exemption certificate stating under penalties for perjury that the purchase is for resale or for processing and is not a retail sale as defined in section 422.42, subsection 3 or unless the seller takes a fuel exemption certificate pursuant to subsection 4. If the tangible personal property or services are purchased tax free pursuant to a valid exemption certificate which is taken in good faith by the seller, and the tangible personal property or services are used or disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes and shall remit the taxes directly to the department and sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58, and 422.59 shall apply to the purchaser.

Sec. 3. Section 422.47, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. The department shall issue or the seller may separately provide fuel exemption certificates in the form prescribed by the director.

b. The seller may accept a completed fuel exemption certificate, as prepared by the purchaser, for five years unless the purchaser files a new completed exemption certificate. If the fuel is purchased tax free pursuant to a fuel exemption certificate which is taken by the seller, and the fuel is used or disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes, and shall remit the taxes directly to the department and sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58, and 422.59 shall apply to the purchaser.

c. The purchaser may apply to the department for its review of the fuel exemption certificate. In this event, the department shall review the fuel exemption certificate within twelve months from the date of application and determine the

correct amount of the exemption. If the amount determined by the department is different than the amount that the purchaser claims is exempt, the department shall promptly notify the purchaser of the determination. Failure of the department to make a determination within twelve months from the date of application shall constitute a determination that the fuel exemption certificate is correct as submitted. A determination of exemption by the department is final unless the purchaser appeals to the director for a revision of the determination within thirty days after the postmark date of the notice of determination. The director shall grant a hearing, and upon the hearing the director shall determine the correct exemption and notify the purchaser of the decision by mail. The decision of the director is final unless the purchaser seeks judicial review of the director's decision under section 422.55 within thirty days after the postmark date of the notice of the director's decision. Unless there is a substantial change, the department shall not impose penalties pursuant to section 422.58, both retroactively to purchases made after the date of application and prospectively until the department gives notice to the purchaser that a tax or additional tax is due, for failure to remit any tax due which is in excess of a determination made under this section. A determination made by the department pursuant to this subsection does not constitute an audit for purposes of section 422.54.

d. If the circumstances change and the fuel is used or disposed of by the purchaser in a nonexempt manner, the purchaser is solely liable for the taxes and shall remit the taxes directly to the department in accordance with subsection 3.

e. The purchaser shall attach documentation to the fuel exemption certificate which is reasonably necessary to support the exemption for fuel consumed in processing. If the purchaser files a new exemption certificate with the seller,

documentation shall not be required if the purchaser previously furnished the seller with this documentation and substantial change has not occurred since that documentation was furnished or if fuel consumed in processing is separately metered and billed by the seller.

f. In this section, "fuel" includes gas, electricity, water, heat, steam, and any other tangible personal property consumed in creating heat, power, or steam. In this section, "fuel consumed in processing" means fuel used or disposed of for processing including grain drying, for providing heat or cooling for livestock buildings or for generating electric current, or consumed in self-propelled implements of husbandry engaged in agricultural production. In this subsection, "fuel exemption certificate" means an exemption certificate given by the purchaser under penalty of perjury to assist retailers in properly accounting for nontaxable sales of fuel consumed in processing. In this subsection, "substantial change" means a change in the use or disposition of tangible personal property and services by the purchaser such that the purchaser pays less than ninety percent of the purchaser's actual sales tax liability. A change includes a misstatement of facts in an application made pursuant to paragraph "c" or in a fuel exemption certificate.

Sec. 4. Section 422.52, subsection 6, paragraph a, Code 1987, is amended to read as follows:

a. If a purchaser fails to pay tax imposed by this division to the retailer required to collect the tax, then in addition to all of the rights, obligations, and remedies provided, the tax is payable by the purchaser directly to the department, and sections 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57, 422.58 and 422.59 apply to the purchaser. For failure, the retailer and purchaser are liable, unless the circumstances described in section 422.41, subsection 3, paragraphs paragraph "b" and or "e" or subsection 4, paragraph "b" or "d" are applicable.

Sec. 5. This Act takes effect on January 1, 1988. Any valid exemption certificate, as defined in section 422.47, subsection 3, Code 1987, given for fuel consumed in processing and accepted by a seller prior to the effective date of this Act shall be deemed a fuel exemption certificate, as defined in this Act, for five years from the date the seller accepts the valid exemption certificate, if that valid exemption certificate contains all information required by this Act to be in a fuel exemption certificate.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 682, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved _____, 1987

TERRY E. BRANSTAD
Governor

H. F. 682

SENATE CONCURRENT RESOLUTION NO. 35

A CONCURRENT RESOLUTION

RELATING TO THE BOARD OF REGENTS TEN-YEAR BUILDING PROGRAM.

WHEREAS, pursuant to section 2628.3, the state board of regents prepared and within seven days after the convening of the Seventy-second General Assembly of the State of Iowa, First Session, submitted to the Seventy-second General Assembly, First Session, for approval the proposed ten-year building program for each institution of higher learning under the jurisdiction of the board, containing a list of the buildings and facilities which the board deems necessary to further the educational objectives of the institutions, together with an estimate of the cost of each of the buildings and facilities and an estimate of the maximum amount of bonds which the board expects to issue under chapter 262A for each year of the fiscal biennium beginning July 1, 1987, and ending June 30, 1989; and

WHEREAS, the projects contained in the building program are deemed necessary for the proper performance of the instructional, research, and service functions of the institutions; and

WHEREAS, section 262A.4 provides that the state board of regents, after authorization by a constitutional majority of each house of the General Assembly and approval by the

GOVERNOR, may undertake and carry out at the institutions of higher learning under the jurisdiction of the board any project as defined in chapter 262A; and

WHEREAS, chapter 262A authorizes the state board of regents to borrow money and to issue and sell negotiable revenue bonds to pay all or any part of the cost of carrying out projects at any institution payable solely from and secured by an irrevocable pledge of a sufficient portion of the student fees and charges and institutional income received by the particular institution; and

WHEREAS, to further the educational objectives of the institutions, and to foster economic growth in this state, the state board of regents requests authorization to undertake and carry out certain projects at this time and to finance their costs by borrowing money and issuing negotiable bonds under chapter 262A in a total amount not exceeding sixty-five million six hundred thousand (65,600,000) dollars, the remaining cost of the projects to be financed by capital appropriations or by federal or other funds lawfully available; NOW THEREFORE,

BE IT RESOLVED BY THE SENATE, THE HOUSE CONCURRING, That the proposed ten-year building program submitted by the state board of regents for each institution of higher learning under its jurisdiction is approved; and

BE IT FURTHER RESOLVED, That no commitment is implied or intended by approval to fund any portion of the proposed ten-year building program submitted by the state board of regents beyond the portion that is financed and approved by the Seventy-second General Assembly, First Session, and the Governor; and

BE IT FURTHER RESOLVED, That during the biennium which commences July 1, 1987, and which ends June 30, 1989, the maximum amount of bonds which the state board of regents expects to issue under chapter 262A, unless additional bonding is authorized, is sixty-five million six hundred thousand

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(65,600,000) dollars, all or any part of which may be issued during the fiscal year ending June 30, 1988, and if all of that amount should not be issued during that fiscal year, any remaining balance may be issued during the fiscal year ending June 30, 1989, or thereafter, and this plan of financing is approved; and

BE IT FURTHER RESOLVED, That the state board of regents is authorized to undertake, plan, construct, equip, and otherwise carry out the following projects and to pay all or any part of the cost of carrying out the projects by borrowing money and issuing negotiable revenue bonds under chapter 262A during the fiscal year beginning July 1, 1987, except as otherwise provided in this resolution, in a total amount not to exceed sixty-five million six hundred thousand (65,600,000) dollars:

<u>State University of Iowa</u>	\$ 25,100,000
. Laser laboratories	
International center (old law center) remodeling	
Cost of issuance of bonds	
<u>Iowa state University</u>	\$ 37,500,000
Molecular biology building	
Home, economics building-phase I	
Meat irradiation facility	
University research park development	
Industrial education remodeling	
Veterinary medicine research institute laboratory	
Cost of issuance of bonds	
<u>University of Northern Iowa</u>	\$ 3,000,000
Latham hall remodeling	
, Cost of issuance of bonds	
Total	\$ 65,600,000

BE IT FURTHER RESOLVED, That if the amount of bonds issued under this resolution exceeds the actual costs of projects approved in this resolution, the amount of the difference

shall be used to pay the principal and interest due on bonds issued under chapter 262A.

JO ANN ZIMMERMAN
President of the Senate

WALD O. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate Concurrent Resolution 35, Seventy-second Seventy-second General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved _____, 1987

TERRY E. BRANSTAD
Governor

TO: Members of the 72nd General Assembly of Iowa
 FR: Dennis C. Prouty .
 DATE: August 31, 1987
 RE: Corrections to the 1987 Fiscal Report

In examination of the Fiscal Report of the 1987 Session, as compiled by the Legislative Fiscal Bureau and dated June, 1987, three corrections need to be made. They are:

1. FY 1987 Supplemental Appropriations which were item vetoed by Governor Branstad were not captured in the General Fund Appropriations Tables on pages 7 - 28. \$12,045,000 was vetoed. Attached is a copy of the summary of the General Fund Appropriations by subcommittee (page 8) with the corrected estimated FY 1987 figures. **The** specific changes are:

	In Current Book	Should Be
	Estimated FY 1987 =====	Estimated FY 1987 =====
Page 11		
Administration		
General Services, Dept		
New Historical Building	\$ 750,000	0
Capitol Renovation	3,500,000	0
Page 14		
Agri & Natural Resources		
Agriculture & Land Stewar		
Export Trading Company	250,000	0
Iowa Grain Quality Prog	125,000	0
Ag. - Development Authori		
Ag. Loan Assistance	5,000,000	0
Natural Resources, Depart		
Radioactive Waste Compact	105,000	45,000
Page 15		
Economic Development		
Economic Development, Dep		
Tourism Promotion	1,774,981	1,489,981

	In Current Book	Should Be
	Estimated FY 1987 =====	Estimated FY 1987 =====
Page 19		
Education		
Regents, Board Of		
ISU - Amorphous Silicon	2,000,000	0
Page 20		
Health & Human Rights		
Elder Affairs, Dept Of		
Elder Law - Mobile Center	75,000	0

2. Concerning the Ways and Means bills (H. F. 675 and S.F. 523 on pages 90 and 91), Section 4 of H.F. 675 would have changed the due dates for individuals estimated taxes from the 30th of the applicable month to the 15th of the month. Section 13 of H.F. 675 would have made Section 4 effective January 1, 1988. Section 26 of S.F. 523 repealed Sections 4 and 13 of H.F. 675. Therefore, the due dates remain the 30th of the applicable month.

3. S.F. 504 (salary adjustment - statutory language bill) had several item vetoes which were not noted in the Fiscal Report. They include:

Page 101

 Sec. 14.1 - Paragraph 2. Per diem reimbursements for legislators.
 Sec. 14.2. Per diem reimbursement and elective participation in any state group insurance plan and disability insurance plan for the Lieutenant Governor.

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 Sec. 17. Elective participation in disability insurance plan for legislators.
 Sec. 15. Elective participation in any state group insurance plan for legislators.
 Sec. 14.6 and Sec. 14.7 Per diem reimbursements for legislators and the Lieutenant Governor.

If you have any questions concerning these corrections, do not hesitate to contact the Fiscal Bureau.