

MAR 20 2001
WAYS AND MEANS

HOUSE FILE 671
BY COMMITTEE ON LOCAL GOVERNMENT

WITHDRAWN
1-16-02

(SUCCESSOR TO HF 523)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to county mental health, mental retardation, and
2 developmental disabilities services provisions involving
3 capital expenditures and the funding pools in the property tax
4 relief fund for such services expenditures and providing
5 effective and retroactive applicability dates.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

HF-671

1 Section 1. Section 331.424A, subsection 6, Code 2001, is
2 amended by striking the subsection.

3 Sec. 2. Section 331.427, subsection 2, paragraph n, Code
4 2001, is amended by striking the paragraph.

5 Sec. 3. Section 331.438, subsection 1, paragraph a,
6 unnumbered paragraph 2, Code 2001, is amended by striking the
7 unnumbered paragraph.

8 Sec. 4. Section 426B.5, subsection 1, paragraphs b, c, and
9 d, Code 2001, are amended to read as follows:

10 b. A statewide per capita expenditure target amount is
11 established. The statewide per capita expenditure target
12 amount shall be equal to the ~~seventy-fifth~~ one-hundredth
13 percentile of all county per capita expenditures in the fiscal
14 year beginning July 1, 1997, and ending June 30, 1998.

15 ~~c. Only a county levying the maximum amount allowed for~~
16 ~~the county's mental health, mental retardation, and~~
17 ~~developmental disabilities services fund under section~~
18 ~~331.424A is eligible to receive moneys from the per capita~~
19 ~~expenditure target pool for a fiscal year. Moneys available~~
20 ~~in the pool for a fiscal year shall be distributed to those~~
21 ~~eligible counties whose per capita expenditure in the latest~~
22 ~~fiscal year for which the actual expenditure information is~~
23 ~~available is less than the statewide per capita expenditure~~
24 ~~target amount. Moneys available in the per capita expenditure~~
25 pool for a fiscal year shall be distributed to those counties
26 who meet all of the following eligibility requirements:

27 (1) The county is levying the maximum amount allowed for
28 the county's mental health, mental retardation, and
29 developmental disabilities services fund under section
30 331.424A.

31 (2) The county's per capita expenditure in the latest
32 fiscal year for which the actual expenditure information is
33 available is equal to or less than the statewide per capita
34 expenditure target amount.

35 (3) In the previous fiscal year, the county's mental

1 health, mental retardation, and developmental disabilities
2 services fund ending balance under generally accepted
3 accounting principles was equal to or less than thirty-five
4 percent of the county's projected expenditures for that fiscal
5 year.

6 (4) The county is in compliance with the filing date
7 requirements under section 331.403.

8 d. The distribution amount a county receives from the
9 moneys available in the pool shall be determined based upon
10 the county's proportion of the general population of the
11 counties eligible to receive moneys from the pool for that
12 fiscal year. However, a county shall not receive moneys in
13 excess of the amount which would cause the county's per capita
14 expenditure to ~~equal~~ exceed the statewide per capita
15 expenditure target. Moneys credited to the per capita
16 expenditure target pool which remain unobligated or unexpended
17 at the close of a fiscal year shall remain in the pool for
18 distribution in the succeeding fiscal year.

19 Sec. 5. Section 426B.5, subsection 2, Code 2001, is
20 amended by striking the subsection.

21 Sec. 6. Section 426B.5, subsection 3, Code 2001, is
22 amended by adding the following new paragraph before paragraph
23 a and relettering the subsequent paragraphs:

24 NEW PARAGRAPH. 0a. For the purposes of this subsection,
25 unless the context otherwise requires:

26 (1) "Net expenditure amount" means a county's gross
27 expenditures from the services fund for a fiscal year as
28 adjusted by subtracting all services fund revenues for that
29 fiscal year that are received from a source other than
30 property taxes, as calculated on a modified accrual basis.

31 (2) "Services fund" means a county's mental health, mental
32 retardation, and developmental disabilities services fund
33 created in section 331.424A.

34 Sec. 7. Section 426B.5, subsection 3, paragraph c,
35 subparagraphs (1), (2), and (4), Code 2001, are amended to

1 read as follows:

2 (1) A county must apply to the board for assistance from
3 the risk pool on or before April 1 to cover an unanticipated
4 cost net expenditure amount in excess of the county's current
5 fiscal year budget budgeted net expenditure amount for the
6 county's ~~mental-health, mental-retardation, and developmental~~
7 ~~disabilities~~ services fund. For purposes of applying for risk
8 pool assistance and for repaying unused risk pool assistance,
9 the current fiscal year budget budgeted net expenditure amount
10 shall be deemed to be the higher of either the budget budgeted
11 net expenditure amount in the management plan approved under
12 section 331.439 for the fiscal year in which the application
13 is made or the prior fiscal year's ~~gross-expenditures-from-the~~
14 ~~services-fund~~ net expenditure amount.

15 (2) Basic eligibility for risk pool assistance shall
16 require a projected need net expenditure amount in excess of
17 the sum of one hundred five percent of the county's current
18 fiscal year budget budgeted net expenditure amount and any
19 amount of the county's prior fiscal year ending fund balance
20 in excess of twenty-five percent of the county's gross
21 expenditures from the services fund in the prior fiscal year.
22 However, if a county's services fund ending balance in the
23 previous fiscal year was less than ten percent of the amount
24 of the county's gross expenditures from the services fund for
25 that fiscal year and the county has a projected net
26 expenditure amount for the current fiscal year that is in
27 excess of one hundred one percent of the budgeted net
28 expenditure amount for the current fiscal year, the county
29 shall be considered to have met the basic eligibility
30 requirement and is qualified for risk pool assistance.

31 (4) A county receiving risk pool assistance in a fiscal
32 year in which the county did not levy the maximum amount
33 allowed for the county's ~~mental-health, mental-retardation,~~
34 ~~and developmental-disabilities~~ services fund under section
35 331.424A shall be required to repay the risk pool assistance

1 during the two succeeding fiscal years. The repayment amount
2 shall be limited to the amount by which the actual amount
3 levied was less than the maximum amount allowed, with at least
4 fifty percent due in the first succeeding fiscal year and the
5 remainder due in the second succeeding fiscal year.

6 Sec. 8. Section 426B.5, subsection 3, Code 2001, is
7 amended by adding the following new paragraph:

8 NEW PARAGRAPH. f. On or before March 1 and September 1 of
9 each fiscal year, the department of human services shall
10 provide the risk pool board with a report of the financial
11 condition of each funding source administered by the board.
12 The report shall include but is not limited to an itemization
13 of the funding source's balances, types and amount of revenues
14 credited, and payees and payment amounts for the expenditures
15 made from the funding source during the reporting period.

16 Sec. 9. 2000 Iowa Acts, chapter 1232, section 1,
17 subsection 2, unnumbered paragraph 1, is amended to read as
18 follows:

19 For deposit in the per capita expenditure target pool
20 created in the property tax relief fund pursuant to section
21 426B.5, subsection 1:

22 \$ 10,492,712
23 12,492,712

24 Sec. 10. 2000 Iowa Acts, chapter 1232, section 1,
25 subsection 3, is amended to read as follows:

26 3. For deposit in the incentive and efficiency pool
27 created in the property tax relief fund pursuant to section
28 426B.5, subsection 2:

29 \$ 2,000,000
30 0

31 Sec. 11. 2000 Iowa Acts, chapter 1090, sections 5 and 6,
32 are repealed.

33 Sec. 12. 2000 Iowa Acts, chapter 1232, sections 6, 7, 8,
34 9, and 10, are repealed.

35 Sec. 13. EFFECTIVE DATE AND UNOBLIGATED MONEYS BUDGET

1 CERTIFICATION -- RETROACTIVE APPLICABILITY.

2 1. The following sections of this Act, being deemed of
3 immediate importance, take effect upon enactment:

4 a. The sections of this Act amending Code section 426B.5,
5 subsections 2 and 3, which are applicable to fiscal years
6 beginning on or after July 1, 2001.

7 b. The sections of this Act amending 2000 Iowa Acts,
8 chapter 1232, section 1.

9 c. The sections of this Act amending Code sections
10 331.424A, 331.427, and 331.438, and repealing 2000 Iowa Acts,
11 chapter 1090, sections 5 and 6, and 2000 Iowa Acts, chapter
12 1232, sections 6, 7, 8, 9, and 10. In addition, such sections
13 are retroactively applicable to April 13, 2000.

14 d. This section.

15 2. Any moneys in the incentive and efficiency pool created
16 in section 426B.5, subsection 2, that remain unencumbered or
17 unobligated at the close of the fiscal year beginning July 1,
18 2000, shall be credited to the appropriation and allocation
19 for the per capita expenditure target pool for distribution to
20 counties for fiscal year 2001-2002 made in 2000 Iowa Acts,
21 chapter 1232, section 1, subsection 2.

22 3. If this Act is enacted on or after March 1, 2001, and a
23 county projects that the appropriation changes for the
24 incentive and efficiency and per capita expenditure target
25 pools in this Act would result in a significant shortfall in
26 the county's mental health, mental retardation, and
27 developmental disabilities services fund budget, the county
28 board of supervisors may request that the state appeals board
29 modify the county's certified budget. The request must be
30 submitted to the state appeals board within thirty days of the
31 effective date of this section. The state appeals board may
32 accept or reject the request in whole or in part and the
33 decision is final. If a budget modification is approved, the
34 department of management shall make the necessary changes in
35 the services fund budget and certify the modified budget back

1 to the county board of supervisors and the county auditor.
2 The county auditor shall adjust the levy rates for the
3 services fund as necessary to implement the modified budget.
4 All county budget modifications requested in accordance with
5 this subsection shall be accepted or rejected within sixty
6 days of the effective date of this Act.

7 EXPLANATION

8 This bill relates to county mental health, mental
9 retardation, and developmental disabilities (MH/MR/DD)
10 services provisions involving capital expenditures and the
11 funding pools within the property tax relief fund used to make
12 payments to counties for such services expenditures and in
13 allocations to the funding pools made in appropriations for
14 fiscal year 2001-2002.

15 The bill repeals provisions in Code sections 331.424A,
16 331.427, and 331.438 and in 2000 Iowa Acts, chapters 1090 and
17 1232, that restricted charges to county MH/MR/DD services
18 funds for capital expenditures. The repeals are retroactively
19 applicable to April 13, 2000.

20 Effective beginning with fiscal year 2001-2002, Code
21 section 426B.5, subsection 1, is amended to change the
22 statewide per capita expenditure target amount for county
23 MH/MR/DD services from the 75th percentile of all county per
24 capita expenditures in fiscal year 1997-1998 to the 100th
25 percentile. The target amount is used in a formula to
26 distribute moneys to counties that have a per capita
27 expenditure amount for MH/MR/DD services that is equal to or
28 less than the target amount. The moneys are distributed from
29 the per capita expenditure target pool created within the
30 property tax relief fund for this purpose. The bill strikes
31 and rewrites the eligibility requirements for the per capita
32 expenditure target pool, codifying two new eligibility
33 requirements that were in session law for fiscal year 2001-
34 2002: the county must have an ending fund balance in the
35 previous fiscal year that is equal to or less than 35 percent

1 of the county's projected expenditures for the fiscal year and
2 the county must submit its financial report for the previous
3 fiscal year by December 1 and meet other financial reporting
4 requirements. The bill rewrites but retains other existing
5 eligibility requirements except that the bill would allow
6 eligibility for those counties whose per capita expenditures
7 are equal to or less than the statewide per capita expenditure
8 target. Current law requires the per capita expenditures to
9 be less than the statewide target.

10 The bill also repeals the incentive and efficiency pool in
11 the property tax relief fund by striking Code section 426B.5,
12 subsection 2.

13 Code section 426B.5, subsection 3, relating to the risk
14 pool within the property tax relief fund, is amended. The
15 bill defines the term "net expenditure amount" for use in
16 calculating a county's eligibility status and amount of
17 assistance that may be provided from the risk pool. The bill
18 also authorizes risk pool eligibility for a county that
19 carried forward a low percentage ending balance amount from
20 the prior fiscal year and has projected that net expenditures
21 for the current fiscal year will be in excess of 101 percent
22 of the net amount budgeted.

23 Under current law, a county accessing risk pool assistance
24 that did not levy the maximum amount authorized by law is
25 required to repay the assistance over the next two fiscal
26 years. The bill requires at least 50 percent to be repaid
27 during the first succeeding fiscal year and the remainder to
28 be repaid in the second succeeding fiscal year.

29 The bill requires the department of human services to
30 report financial information annually by March 1 and September
31 1 to the risk pool board concerning the funding sources the
32 board oversees.

33 The bill amends allocations made among the funding pools
34 from the fiscal year 2001-2002 appropriation for distribution
35 to counties of the county MH/MR/DD services allowed growth

1 factor adjustment. With the bill's elimination of the
2 statutory provision which created the incentive and efficiency
3 pool, the bill also eliminates the fiscal year 2001-2002
4 allocation to that pool and reallocates the moneys to the
5 statewide per capita expenditure target pool or for
6 distribution with the general allowed growth moneys.

7 The portions of the bill amending the risk pool Code
8 provisions and the fiscal year 2001-2002 allocations take
9 effect upon enactment. The bill also provides, effective upon
10 enactment, that any moneys remaining unexpended in the
11 incentive and efficiency pool at the close of fiscal year
12 2000-2001 are to be distributed in the succeeding fiscal year
13 based upon each county's proportion of the state's general
14 population along with the other funds appropriated for
15 distribution by that formula.

16 In the event the bill is enacted after March 1, 2001, if a
17 county projects that the changes in the funding pools will
18 result in a significant shortfall in the county's MH/MR/DD
19 services fund, the county board of supervisors may request
20 that the state appeals board make a modification in the
21 county's certified budget. The request must be submitted
22 within 30 days of the bill provision's effective date and the
23 board may accept or reject the request in whole or in part.
24 If a modification is approved, the budget is to be changed by
25 the department of management and the budget is to be certified
26 to the county board and auditor. The review and decision are
27 to be completed within 60 days of the bill provision's
28 effective date.

29
30
31
32
33
34
35