TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

July 27, 2011

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit Senate File 533, an Act relating to state and local finances by providing for funding of property tax credits and reimbursements, by making and adjusting appropriations, providing for salaries and compensation of state employees, proving for matters relating to tax credits, providing for fees and penalties, providing for legal responsibilities, and providing for properly related matters, and including effective date and retroactive and other applicability provisions.

Senate File 533 is approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 6 in its entirety. This item would provide that for fiscal year 2012 bonus pay would be prohibited for employees of the Executive, Judicial and Legal branches. This item would unduly limit the ability of the Executive branch to deploy such methods to attract, retain, incentivize and reward exceptional employees.

I am unable to approve the item designated as Section 45 in its entirety. This item would provide that for fiscal year 2013 bonus pay would be prohibited for employees of the Executive, Judicial and Legal branches. This item would unduly limit the ability of the Executive branch to deploy such methods to attract, retain, incentivize and reward exceptional employees.

I am unable to approve the item designated as Section 90 in its entirety. This item would increase the number of voting members of the Iowa Law Enforcement Academy council by two members, increasing the total membership from thirteen to fifteen members. The number of voting members was increased by legislation earlier this year from seven to thirteen. I disapprove of this item because adding two additional members to this board, bringing the total to fifteen voting members, would make it too cumbersome and will impede its effectiveness. The existing board members can work to seek input from the public and interested parties.

I am unable to approve the items designated as Section 108 in its entirety. These items would specify that each department of State government track budget and actual expenditures for contract services and

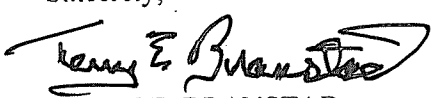
employee training. This item creates a redundant mandate. While I strongly support transparency efforts that publicly disclose how departments spend their resources, this information is available within the State's accounting and budgeting systems.

I am unable to approve the items designated as Sections 117, 118 and 119 in their entirety. These items would extend the Medication Therapy Management pilot program conducted by the Department of Administrative Services for certain State employees for one more year. This pilot program is funded by a transfer of $510,000 from the Board of Pharmacy to the Department of Administrative Services to pay for the extension. The purpose of this pilot program was to temporarily engage in an activity and, at completion, thoroughly review the results before taking additional action. As a result, it is premature to authorize an additional year for this pilot program until the results have been reviewed to measure program effectiveness and for that reason I cannot authorize its continuation at this time.

I am unable to approve the items designated as Sections 120 and 121 in their entirety. The item would increase the Earned Income Tax Credit from the current level of 7.0% of the federal credit to 10.0% of the federal credit. This change is estimated to reduce revenue to the state general fund by $28.5 million for Fiscal Years 2012-2013. It is my desire to approach tax policy in a comprehensive and holistic manner. As such, I urge members of the House and Senate to continue to work with my office on an overall tax reduction package that both fits within our sound budgeting principles while reducing those taxes that are impeding our state's ability to compete for new business and jobs.

For the above reasons, I respectfully disapprove the designated items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 533 are hereby approved as of this date.

Sincerely,



TERRY E. BRANSTAD
Governor