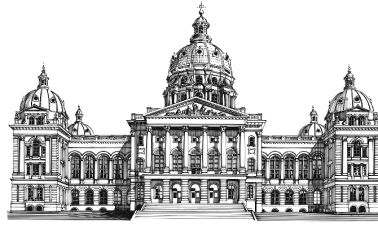

Iowa Legislative Fiscal Bureau

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Transferred Trust Fund Status

ISSUE

Several trust funds had their ending balances for FY 1991 transferred into the General Fund, and their trust fund status eliminated temporarily until the end of FY 1993.

AFFECTED AGENCIES

Various Agencies

CODE AUTHORITY

House File 173, 1991 Iowa Acts

Senate File 532, 1991 Iowa Acts

Senate File 529, 1991 Iowa Acts

BACKGROUND

During the 1991 Legislative Session, the Governor proposed transferring the ending balances of 33 trust funds (estimated at \$30.7 million), eliminating their trust fund status, and having the receipts deposited directly into the General Fund. The General Assembly approved, in House File 173, transferring the ending balances of 27 trust funds at the end of FY 1991 into the General Fund (\$22.1 million). The General Assembly also approved having the receipts from the trust funds deposited directly into the General Fund during FY 1992 and FY 1993. At the end of FY 1993, those 27 trust funds will revert to their original status. Attachment 1 shows the amount that was originally estimated to transfer to the General Fund in FY 1991, the amount actually transferred in FY 1991, the final appropriation (after reversions) for FY 1992, the receipts deposited into the General Fund during FY 1992, the FY 1993 appropriation, and the receipts deposited into the General Fund during the first quarter of FY 1993.

Section 1101 of HF 173 contained language requiring the moneys transferred from the funds and accounts only be used for purposes for which they were collected. The Governor vetoed this language, stating it was too restrictive for cash balances of the funds being transferred for FY 1991, and was more appropriate for FY 1992 and beyond. He also stated this language would reduce efforts to move toward Generally Accepted Accounting Principles (GAAP).

Section 508.3 of SF 529 contained additional language specifying that moneys deposited into the General Fund (and the interest earned on them) from the Railroad Assistance Fund, the Special Railroad Facility Fund, the State Aviation Fund, and the Public Transit Assistance Fund, are to be used only for purposes for which the moneys were collected. The Governor did not veto this language. It applies only to funds collected in FY 1992 and beyond. The amount collected in FY 1992 was \$8.2 million while the amount appropriated was \$9.6 million. While the amount appropriated was greater in FY 1992 than the amount collected, it should be noted that no effort is being made to allocate interest earned on deposits because of the complexity involved in doing this. The amount appropriated for FY 1993 is \$10.9 million.

CURRENT SITUATION

As Attachment 1 shows, receipts deposited into the General Fund were \$36.6 million for FY 1992, while appropriations after reversions for FY 1992 were \$36.3 million. The FY 1993 appropriation is \$36.7 million.

The Department of Management and the Legislative Fiscal Bureau estimated collections into the General Fund during FY 1993 from these accounts would be \$40.5 million. This was based on actual FY 1992 collections and projections from each department involved. Through the first quarter of FY 1993, \$11.6 million has been deposited. To comply with current law, the Revenue Estimating Conference has excluded these funds in establishing its FY 1994 General Fund receipts estimate.

According to SF 532, Sections 905.1 and 905.2, any monies that have been transferred to the General Fund from the Commerce Revolving Funds, the Pesticide, and the Fertilizer Trust Funds will be returned to those accounts. The amount transferred from these funds at the end of FY 1991 was \$5.3 million.

ALTERNATIVES

The General Assembly may take action to continue the transfer of revenues from all or some of the affected funds for a set period of time or permanently. If no action is taken, the transferred accounts will revert back to their original trust fund status.

BUDGET IMPACT

If no action is taken, current law dictates that \$5.3 million needs to be reinstated to the Commerce Revolving Funds, the Pesticide, and Fertilizer Trust Funds in FY 1994. In addition, an estimated \$40.5 million would not be deposited into the General Fund for FY 1994 and beyond.

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Transferred Trust Fund Status

STATUS OF TRUST FUND ACCOUNTS TRANSFERRED TO THE GENERAL FUND

| | <u>Original Transfer Estimate</u> | <u>Actual Amount Transferred</u> | <u>FY 1992 Original Appropriation</u> | <u>FY 1992 Final Appropriation After Reversions</u> | <u>FY 1992 Amount Collected General Fund</u> | <u>FY 1993 Appropriation</u> | <u>FY 1993 Collections 9/30/92</u> |
|--|-----------------------------------|----------------------------------|---------------------------------------|---|--|------------------------------|------------------------------------|
| Energy Research & Development Fund | \$ 590,000 | \$ 490,000 | \$ 150,000 | \$ 143,843 | \$ 0 | \$ 150,000 | \$ 0 |
| Pari-Mutuel Regulation Fund | 370,000 | 270,911 | 1,806,593 | 1,498,875 | 842,081 | 1,572,572 | 221,687 |
| Excursion Gambling Boat Revenue Fund | 300,000 | 354,976 | 511,125 | 488,012 | 1,402,719 | 588,537 | 377,076 |
| State Conservation Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Outdoor Recreation & Resources Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Milk Fund | 0 | 68,196 | 645,901 | 619,390 | 476,858 | 616,142 | 133,245 |
| Dairy Trade Practices Trust Fund | 70,000 | 67,859 | 101,183 | 43,601 | 74,938 | 66,131 | 16,642 |
| Commercial Feed Fund | 110,000 | 64,047 | 748,042 | 684,151 | 805,189 | 723,513 | 320,482 |
| Fertilizer Fund | 4,500 | 135,739 | 841,764 | 695,286 | 741,864 | 644,889 | 532,794 |
| Pesticide Fund | 470,000 | 580,581 | 1,140,208 | 1,093,408 | 1,203,533 | 1,129,650 | 154,827 |
| Motor Vehicle Fraud Account | 360,000 | 425,000 | 0 | 0 | 193,861 | 0 | 64,835 |
| Salvage Vehicle Account | 100,000 | 114,172 | 0 | 0 | 109,475 | 0 | 11,770 |
| Marine Fuel Tax Fund | 2,000,000 | 2,083,968 | 3,970,568 | 3,588,356 | 2,096,656 | 2,063,256 | 606,940 |
| Special Railroad Facility Fund | 4,500,000 | 4,258,072 | NA | NA | 1,437,633 | 0 | 558,340 |
| State Aviation Fund | 2,000,000 | 1,556,367 | NA | NA | 2,211,165 | 0 | 641,730 |
| Railroad Assistance Fund | 4,100,000 | 1,726,954 | NA | NA | 147,730 | 0 | 18,406 |
| Rail and Aviation Projects | NA | NA | 5,230,546 | 3,608,234 | NA | 5,045,025 | NA |
| Security Deposit Account | 1,500,000 | 1,428,142 | 500,000 | 368,277 | 408,441 | 570,000 | 87,730 |
| GAAP Escrow Account | 180,000 | 729,388 | 0 | 0 | 0 | 0 | 0 |
| Utilities Trust Fund | 490,000 | 2,341,202 | 6,843,961 | 6,110,328 | 5,416,897 | 6,077,075 | 1,186,564 |
| Insurance Revolving Fund | 130,000 | 847,689 | 4,448,671 | 3,922,217 | 7,679,090 | 4,096,512 | 1,632,285 |
| Banking Revolving Fund | 290,000 | 618,181 | 5,832,042 | 4,709,501 | 4,758,463 | 4,709,767 | 1,107,627 |
| Credit Union Revolving Fund | 180,000 | 211,506 | 954,946 | 820,733 | 924,883 | 815,416 | 182,086 |
| Savings & Loan Revolving Fund | 240,000 | 21,466 | 0 | 0 | 0 | 0 | 0 |
| Professional Licensing Revolving Fund | 480,000 | 619,381 | 853,541 | 747,249 | 1,234,485 | 762,624 | 339,482 |
| Administrative Services Trust Fund | 320,000 | 417,981 | 1,470,846 | 1,230,400 | 0 | 1,135,755 | 1,135,755 |
| Public Transit Assistance Fund | 2,100,000 | 2,716,192 | 6,833,197 | 5,957,095 | 4,409,621 | 5,890,000 | 2,226,611 |
| Total | \$ 20,884,500 | \$ 22,147,970 | \$ 42,883,134 | \$ 36,328,956 | \$ 36,575,583 | \$ 36,656,864 | \$ 11,556,914 |