

CHAPTER 212**PROPOSED CONSTITUTIONAL AMENDMENTS — STATE
EXPENDITURES AND TAXES**

S.J.R. 1

Second Time Passed

A JOINT RESOLUTION proposing amendments to the Constitution of the State of Iowa relating to the state budget by limiting state general fund expenditures and restricting certain state tax revenue changes.

Be It Resolved by the General Assembly of the State of Iowa:

Section 1. The following amendment to the Constitution of the State of Iowa is proposed: The Constitution of the State of Iowa is amended by adding the following new section to new Article XIII:

**ARTICLE XIII.
EXPENDITURE LIMITATION.****GENERAL FUND EXPENDITURE LIMITATION. Section 1.**

1. For the purposes of this section:

a. "Adjusted revenue estimate" means the most recent revenue estimate determined before January 1, or a later and lesser revenue estimate determined before adjournment of the regular session of the General Assembly, for the general fund for the following fiscal year as determined by a revenue estimating conference which shall be established by the General Assembly by law, adjusted by subtracting estimated refunds payable from that estimated revenue and adding any available surplus in accordance with subsection 5.

b. "General fund" means the principal operating fund of the state which shall be established by the General Assembly by law.

c. "New revenues" means moneys which are received by the state due to increased tax rates or fees or newly created taxes or fees over and above those moneys which are received due to state taxes or fees which are in effect as of January 1 following the most recent state revenue estimating conference. "New revenues" also includes moneys received by the general fund due to new transfers over and above those moneys received by the general fund due to transfers which are in effect as of January 1 following the most recent state revenue estimating conference. The state revenue estimating conference shall determine the eligibility of transfers to the general fund which are to be considered as new revenue in determining the state general fund expenditure limitation.

2. A state general fund expenditure limitation is created and calculated in subsection 3, for each fiscal year beginning on or after July 1 following the effective date of this section.

3. Except as otherwise provided in this section, the state general fund expenditure limitation for a fiscal year shall be ninety-nine percent of the adjusted revenue estimate.

4. The state general fund expenditure limitation shall be used by the Governor in the preparation of the budget and by the General Assembly in the budget process. If a new revenue source is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the adjusted revenue estimate shall be ninety-five percent of the amount remaining after subtracting estimated refunds payable from the projected revenue from that source. If a new revenue source is established and implemented, the original state general fund expenditure limitation amount provided for in subsection 3 shall be readjusted to include ninety-five percent of the estimated revenue from that source.

5. Any surplus existing at the end of a fiscal year which exceeds ten percent of the adjusted revenue estimate of that fiscal year shall be included in the adjusted revenue estimate for the following fiscal year. Any surplus equal to ten percent or less of the adjusted revenue estimate of the fiscal year may be included in the adjusted revenue estimate for the following fiscal year if approved in a bill receiving the affirmative votes of at least three-fifths of the whole membership of each house of the General Assembly. For purposes of this section, "surplus" means the cumulative excess of revenues and other financing sources over expenditures and other financing uses for the general fund at the end of a fiscal year.

6. The scope of the expenditure limitation under subsection 3 shall not include federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from a state retirement system.

7. The Governor shall submit and the General Assembly shall pass a budget which does not exceed the state general fund expenditure limitation.

8. The Governor shall not submit and the General Assembly shall not pass a budget which in order to balance assumes reversion of any part of the total of the appropriations included in the budget.

9. The state shall use consistent standards, in accordance with generally accepted accounting principles, for all state budgeting and accounting purposes.

10. The General Assembly shall enact laws to implement this section.

Sec. 2. The following amendment to the Constitution of the State of Iowa is proposed:

The Constitution of the State of Iowa is amended by adding the following new sections to new Article XIII:

ARTICLE XIII.

THREE-FIFTHS MAJORITY FOR TAX LAW CHANGES.

THREE-FIFTHS MAJORITY TO INCREASE TAXES. Section 1. A bill containing provisions enacting, amending, or repealing the state income tax or enacting, amending, or repealing the state sales and use taxes, in which the aggregate fiscal impact of those provisions relating to those taxes results in a net increase in state tax revenues, as determined by the General Assembly, shall require the affirmative votes of at least three-fifths of the whole membership of each house of the General Assembly for passage. This section does not apply to income tax or sales and use taxes imposed at the option of a local government.

THREE-FIFTHS MAJORITY TO ENACT NEW STATE TAX. Sec. 2. A bill that establishes a new state tax to be imposed by the state shall require the affirmative votes of at least three-fifths of the whole membership of each house of the General Assembly for passage.

ENFORCEMENT OF THREE-FIFTHS MAJORITY REQUIREMENT. Sec. 3. A lawsuit challenging the proper enactment of a bill pursuant to section 1 or 2 shall be filed no later than one year following the enactment. Failure to file such a lawsuit within the one-year time limit shall negate the three-fifths majority requirement as it applies to the bill.

Each bill to which section 1 or 2 applies shall include a separate provision describing the requirements for enactment prescribed by section 1 or 2.

IMPLEMENTATION. Sec. 4. The General Assembly shall enact laws to implement sections 1 through 3.

Sec. 3. The foregoing proposed amendments to the Constitution of the State of Iowa, having been adopted and agreed to by the Seventy-seventh General Assembly, 1998 Session, thereafter duly published, and now adopted and agreed to by the Seventy-eighth General Assembly in this joint resolution, shall be submitted to the people of the State of Iowa at a special election called for that purpose to be held on Tuesday, the 29th of June of the year 1999, in the manner required by the Constitution of the State of Iowa and the laws of the State of Iowa.