

JAN 15 2003  
WAYS AND MEANS

HOUSE JOINT RESOLUTION 1

BY J.K. VAN FOSSEN, BOAL, RAYHONS,  
KRAMER, D. HANSON, DE BOEF, JONES,  
ALONS, DRAKE, LUKAN, J.R. VAN FOSSEN,  
ELGIN, GREINER, LALK, CARROLL,  
TYMESON, WATTS, HUSEMAN, HAHN,  
UPMEYER, and S. OLSON

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing amendments to the Constitution of  
2 the State of Iowa relating to the state budget by limiting  
3 state general fund expenditures and restricting certain state  
4 tax revenue changes.

5 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

HJR 1

1 Section 1. The following amendment to the Constitution of  
2 the State of Iowa is proposed:

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

5 ARTICLE XIII.

6 EXPENDITURE LIMITATION.

7 GENERAL FUND EXPENDITURE LIMITATION. Section 1.

8 1. For the purposes of this section:

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

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

21 c. "New revenues" means moneys received by the state due  
22 to increased tax rates or fees or newly created taxes or fees  
23 over and above those moneys received due to state taxes or  
24 fees that are in effect as of January 1 following the most  
25 recent state revenue estimating conference. "New revenues"  
26 also includes moneys received by the general fund due to new  
27 transfers over and above those moneys received by the general  
28 fund due to transfers that are in effect as of January 1  
29 following the most recent state revenue estimating conference.  
30 The state revenue estimating conference shall determine the  
31 eligibility of transfers to the general fund that are to be  
32 considered as new revenue in determining the state general  
33 fund expenditure limitation.

34 d. "Surplus" means the cumulative excess of revenues and  
35 other financing sources over expenditures and other financing

1 uses for the general fund at the end of a fiscal year.

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

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

9 4. The state general fund expenditure limitation shall be  
10 used by the Governor in the preparation of the budget and by  
11 the General Assembly in the budget process. If a new revenue  
12 source is proposed, the budget revenue projection used for  
13 that new revenue source for the period beginning on the  
14 effective date of the new revenue source and ending in the  
15 fiscal year in which the source is included in the adjusted  
16 revenue estimate shall be ninety-five percent of the amount  
17 remaining after subtracting estimated refunds payable from the  
18 projected revenue from that source. If a new revenue source  
19 is established and implemented, the original state general  
20 fund expenditure limitation amount provided for in subsection  
21 3 shall be readjusted to include ninety-five percent of the  
22 estimated revenue from that source.

23 5. Any surplus existing at the end of a fiscal year that  
24 exceeds ten percent of the adjusted revenue estimate for that  
25 fiscal year shall be included in the adjusted revenue estimate  
26 for the following fiscal year. Any surplus equal to ten  
27 percent or less of the adjusted revenue estimate for a fiscal  
28 year may be included in the adjusted revenue estimate for the  
29 following fiscal year if approved in a bill receiving the  
30 affirmative votes of at least three-fifths of the whole  
31 membership of each house of the General Assembly.

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

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

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

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

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

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

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

17 ARTICLE XIII.

18 THREE-FIFTHS MAJORITY FOR TAX LAW CHANGES.

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

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

35 ENFORCEMENT OF THREE-FIFTHS MAJORITY REQUIREMENT. Sec. 3.

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

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

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

11 Sec. 3. The foregoing proposed amendments to the  
12 Constitution of the State of Iowa are referred to the General  
13 Assembly to be chosen at the next general election for members  
14 of the General Assembly and the Secretary of State is directed  
15 to cause them to be published for three consecutive months  
16 previous to the date of that election as provided by law.

17 EXPLANATION

18 This resolution proposes two amendments within a new  
19 Article XIII to the Constitution of the State of Iowa which  
20 relate to state budgets.

21 The first amendment establishes a state general fund  
22 expenditure limitation. The amount of the limitation is 99  
23 percent of the adjusted revenue estimate. The amendment  
24 defines adjusted revenue estimate and requires that that  
25 estimate be determined by a revenue estimating conference  
26 which is to be created by the general assembly by law. The  
27 amendment requires that the expenditure limitation be used by  
28 the governor in preparation of the governor's budget and by  
29 the general assembly in the budget process. The amendment  
30 also provides that, if a new revenue source is established and  
31 implemented, 95 percent of the estimate of that new revenue  
32 shall be included in the expenditure limitation.

33 The first amendment also provides that the amount of any  
34 surplus that exceeds an amount equal to 10 percent of the  
35 adjusted revenue estimate shall be included in the adjusted

1 revenue estimate for the following fiscal year. Any surplus  
2 which is equal to 10 percent or less of the amount of the  
3 adjusted revenue estimate may be included in the following  
4 year's adjusted revenue estimate if use, of those funds is  
5 approved by a three-fifths majority of each house of the  
6 general assembly. The amendment also requires the state to  
7 use generally accepted accounting principles for state  
8 budgeting and accounting purposes. The amendment provides  
9 that the general assembly shall enact laws to implement the  
10 amendment.

11 The second amendment contained in the resolution requires a  
12 three-fifths majority vote of each house for certain tax law  
13 changes. The amendment provides that any bill that enacts,  
14 amends, or repeals the state income tax or the state sales and  
15 use tax, and which causes, in the aggregate, an increase in  
16 state tax revenues, as determined by the general assembly,  
17 must be adopted by at least three-fifths of the whole  
18 membership of each house of the general assembly. The  
19 amendment also requires a three-fifths majority vote of each  
20 house of the general assembly in order to enact a new state  
21 tax to be imposed by the state. A lawsuit challenging  
22 enactment of a bill subject to either three-fifths majority  
23 passage requirement must be filed no later than one year from  
24 the date of enactment of the bill. Finally, the amendment  
25 provides that the general assembly shall enact laws to  
26 implement the amendment.

27 The resolution, if adopted, will be referred to the next  
28 general assembly. If the next general assembly adopts this  
29 resolution, the amendment will be submitted to the voters for  
30 their decision on ratification.

31  
32  
33  
34  
35