

Senate File 1214  
Ways and Means  
Rodgers, Chairperson 5/26  
Junkins  
Shaff

FILED FEB 25 1976

SENATE FILE 1214

BY HANSEN

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

## A BILL FOR

1 An Act relating to the establishment of budget limitations  
2 for cities and counties by referendum.

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

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1 Section 1. NEW SECTION. DEFINITIONS.

2 1. "Base year" means the preceding fiscal year.

3 2. "Political subdivision" means any city or county.

4 3. "Limited budget" means the budget including amendments  
5 for all funds of a political subdivision of this state  
6 excluding the amount of anticipated receipts to and  
7 expenditures from these funds from federal moneys, the amount  
8 of any moneys collected or received from property taxes and  
9 other sources for the paying of interest and principal on  
10 any indebtedness authorized by law, the amount of any moneys  
11 collected or received from property taxes and other sources  
12 to pay the obligations of the political subdivision for public  
13 officers' or employees' pension or retirement systems and  
14 the United States Social Security Act, and the amount of money  
15 for a fund or program collected from a property tax levy  
16 authorized by a vote of the electorate after the effective  
17 date of this Act.

18 4. "Allowable growth" means a maximum dollar increase  
19 in the proposed expenditures in the limited budget of a  
20 political subdivision for a fiscal year equal to a dollar  
21 amount determined by multiplying the proposed expenditures  
22 in the certified limited budget of such political subdivision  
23 for the base year times the percentage equivalent of any  
24 increase in the Iowa consumer price index or, if the Iowa  
25 consumer price index is not available, the consumer price  
26 index published by the bureau of labor statistics, United  
27 States department of labor, as computed by the state  
28 comptroller for the calendar year preceding the fiscal year  
29 of the proposed limited budget.

30 Sec. 2. NEW SECTION. ALLOWABLE GROWTH--REFERENDUM.

31 1. The county commissioner of elections shall publish  
32 notice of and place on the ballot at each regular city election  
33 in the case of a city and on the ballot at each general  
34 election in the case of a county the following proposition:  
35 "Shall the annual increase of the city (county) limited budget

1 for each of the two succeeding fiscal years be limited to  
2 an allowable growth equivalent to the percentage increase  
3 in the consumer price index as computed by the state  
4 comptroller?" If a majority of the electors of the respective  
5 political subdivisions voting on the proposition, favors the  
6 proposition, the allowable growth for the certified limited  
7 budget for such political subdivision for each of the two  
8 succeeding fiscal years shall be limited as provided in section  
9 three (3) of this Act, which limit shall be in lieu of any  
10 property tax levy limitation otherwise provided by law.

11 2. The city council and the board of supervisors shall  
12 publish notice of and conduct a public hearing on the  
13 preliminary budget estimates for the following two fiscal  
14 years not later than ten days before the respective regular  
15 city election or the general election. Notice of the time,  
16 date and location of the hearing and a summary of the  
17 preliminary budget shall be published at least seven days  
18 before such hearing.

19 Sec. 3. NEW SECTION. ALLOWABLE GROWTH LIMITATION.

20 1. The proposed expenditures in the certified limited  
21 budget of a political subdivision for each fiscal year during  
22 which such political subdivision is subject to the provisions  
23 of this Act, shall not exceed the proposed expenditures in  
24 the certified limited budget of that political subdivision  
25 for the base year, plus the allowable growth for that political  
26 subdivision.

27 2. If the governing body of a political subdivision which  
28 is subject to the provisions of this Act certifies a limited  
29 budget to the county auditor, in excess of the limitation  
30 provided for in this Act, the county auditor shall reduce  
31 the amount of the proposed expenditures in such budget to  
32 the maximum amount allowed under this Act and give written  
33 notice to the political subdivision, certifying the amount  
34 allowed.

35 Sec. 4. NEW SECTION. MUNICIPAL UTILITIES. The allowable

1 growth provided in this Act for a political subdivision shall  
2 be applicable to the amount of funds transferred by a municipal  
3 utility to the city in which it is located.

4 For the purposes of this section, "municipal utility" means  
5 all or part of a waterworks, gasworks, electric light and  
6 power plant and system, or heating plant any of which are  
7 owned by a city, including all land, easements, rights-of-  
8 way, fixtures, equipment, accessories, improvements,  
9 appurtenances, and other property necessary or useful for  
10 the operation of the utility.

11 Sec. 5. NEW SECTION. SPECIAL CHARTERED CITIES. It is  
12 the intention of the general assembly that the provisions  
13 of this Act shall apply to special chartered cities. The  
14 state appeal board may adopt rules, consistent with the  
15 provisions of this Act, establishing procedures and forms  
16 applicable to special chartered cities as deemed necessary  
17 by the board.

18 Sec. 6. Section twenty-four point three (24.3), subsection  
19 four (4), Code 1975, is amended to read as follows:

20 4. A comparison of ~~such-amounts-so-proposed-to-be-expended~~  
21 ~~with-the-amounts-expended-for-like-purposes-for-the-two~~  
22 preceding-years the estimated revenue and proposed expenditure  
23 with estimated revenue and expenditure of the current budget  
24 and with the actual revenue and expenditure for the most  
25 recently completed fiscal year.

26 Sec. 7. Section three hundred eighty-four point sixteen  
27 (384.16), subsection three (3), Code 1975, as amended by Acts  
28 of the Sixty-sixth General Assembly, 1975 Session, chapter  
29 two hundred three (203), section thirty (30), is amended to  
30 read as follows:

31 3. The council shall set a time and place for public  
32 hearing on the budget before the final certification date  
33 and shall publish notice before the hearing as provided in  
34 section 362.3. A summary of the proposed budget shall be  
35 included in the notice. The summary shall include a comparison

1 of estimated revenues and proposed expenditures with estimated  
2 revenues and expenditures of the current budget and with  
3 actual revenues and expenditures for the most recently  
4 completed fiscal year. Proof of publication must be filed  
5 with the county auditor.

6 EXPLANATION

7 This bill provides that at each regular city election and  
8 each general election in the case of counties, a proposition  
9 must be submitted to the electorate asking whether the budget  
10 of the city or the county as the case may be, should be limited  
11 to an increase equivalent to the increase in the Iowa consumer  
12 price index for the succeeding two fiscal years. If the  
13 proposition is adopted by a favorable majority vote, the  
14 limitation shall be effective for the succeeding two fiscal  
15 years and the limitation shall be in lieu of any property  
16 tax levy limitation otherwise provided by law. If the  
17 proposition is not favored by the electorate, the property  
18 tax levy limitations will remain effective.

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