

8.54 General fund expenditure limitation.

1. For the purposes of [section 8.22A](#), [this section](#), and [sections 8.55 through 8.57](#):

a. “Adjusted revenue estimate” means the appropriate revenue estimate for the general fund for the following fiscal year as determined by the revenue estimating conference under [section 8.22A, subsection 3](#), adjusted by subtracting estimated tax refunds payable from that estimated revenue and as determined by the conference, adding any new revenues which may be considered to be eligible for deposit in the general fund.

b. “New revenues” means moneys which are received by the state due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December state revenue estimating conference. “New revenues” also includes moneys received by the general fund of the state due to new transfers over and above those moneys received by the general fund of the state due to transfers which are in effect as of January 1 following the December state revenue estimating conference. The department of management shall obtain concurrence from the revenue estimating conference on the eligibility of transfers to the general fund of the state which are to be considered as new revenue in determining the state general fund expenditure limitation.

2. There is created a state general fund expenditure limitation for each fiscal year calculated as provided in [this section](#). An expenditure limitation shall be used for the portion of the budget process commencing on the date the revenue estimating conference agrees to a revenue estimate for the following fiscal year in accordance with [section 8.22A, subsection 3](#), and ending with the governor’s final approval or disapproval of the appropriations bills applicable to that fiscal year that were passed prior to July 1 of that fiscal year in a regular or extraordinary legislative session.

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 amount provided for in [this section](#) shall be used by the governor in the preparation of the budget under [section 8.22](#) and approval of the budget and by the general assembly in the budget process. If a source for new revenues 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 revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from that new revenue source, multiplied by ninety-five percent. 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 the new revenue source.

5. a. For fiscal years in which it is anticipated that the distribution of moneys from the Iowa economic emergency fund in accordance with [section 8.55, subsection 2](#), will result in moneys being transferred to the general fund of the state, the original state general fund expenditure limitation amount provided for in [subsection 3](#) shall be readjusted to include the amount of moneys anticipated to be so transferred.

b. For fiscal years in which it is anticipated that moneys will be transferred from the taxpayer relief fund to the general fund of the state in accordance with [section 8.57E, subsection 2](#), paragraph “b”, the original state general fund expenditure limitation amount provided for in [subsection 3](#) shall not be readjusted to include the amount of moneys anticipated to be so transferred. This paragraph is repealed July 1, 2029.

6. The scope of the expenditure limitation under [subsection 3](#) shall not encompass federal funds, donations, constitutionally dedicated moneys, and moneys in expenditures from state retirement system moneys.

7. The governor shall transmit to the general assembly, in accordance with [section 8.21](#), a budget which does not exceed the state general fund expenditure limitation. The general assembly shall pass a budget which does not exceed the state general fund expenditure limitation. The governor shall not transmit a budget with recommended appropriations in excess of the state general fund expenditure limitation and the general assembly shall not

pass a budget with appropriations in excess of the state general fund expenditure limitation. The governor shall not approve or disapprove appropriation bills or items of appropriation bills passed by the general assembly in a manner that would cause the final budget approved by the governor to exceed the state general fund expenditure limitation. In complying with the requirements of [this subsection](#), the governor and the general assembly shall not rely on any anticipated reversion of appropriations in order to meet the state general fund expenditure limitation.

[92 Acts, ch 1227, §4; 92 Acts, 2nd Ex, ch 1001, §228; 94 Acts, ch 1181, §1, 5; 2001 Acts, 2nd Ex, ch 2, §10, 11, 13; 2004 Acts, ch 1175, §215, 287; 2011 Acts, ch 123, §28, 32; 2022 Acts, ch 1002, §64; 2024 Acts, ch 1094, §62](#)

Referred to in [§8.22A, 9.8, 80.43, 99F.20, 521J.12, 546.12](#)

Subsection 5, paragraph b amended