

Senate Amendment 3014

Amendment Text

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1 1 Amend [Senate Joint Resolution 1](#) as follows:
1 2 #1. By striking page 1, line 3, through page 2,
1 3 line 10, and inserting the following:
1 4 "The Constitution of the State of Iowa is amended
1 5 by adding the following new Article XIII:
1 6 ARTICLE XIII.
1 7 TAXPAYERS' RIGHTS.
1 8 SECTION 1. The state government and each local
1 9 government is subject to a revenue limit and a
1 10 spending limit as provided in section 8. Each
1 11 government's beginning revenue limit is equal to its
1 12 total revenue in the base year, or, if higher, in any
1 13 of the three preceding fiscal years. This limit is
1 14 adjusted annually for the cumulative percentage rate
1 15 of price inflation or deflation since the base year
1 16 and for any cumulative percentage population increase
1 17 since the base year. Each county government's revenue
1 18 limit includes all townships in the county. A school
1 19 district's "population" is its full-time equivalent
1 20 student enrollment. The "base year" is the last
1 21 fiscal year before this article becomes effective.
1 22 SEC. 2. "Revenue" includes all amounts received
1 23 from all sources, except (1) amounts refunded to the
1 24 payors; (2) gifts and contracts from nongovernmental
1 25 sources; (3) amounts received from the federal
1 26 government; (4) fees voluntarily paid for specific
1 27 services, but any part of a fee in excess of the
1 28 actual cost of providing that specific service is
1 29 revenue; (5) an amount equal to a government's net
1 30 cost increase required by a federal law or rule
1 31 adopted after this Article becomes effective, but only
1 32 to the extent not offset by federal funds; (6) amounts
1 33 borrowed after approval by vote of the electors; (7)
1 34 amounts borrowed by issuing revenue bonds on which no
1 35 payment can be made from tax revenue; and (8) receipts
1 36 applied to repay money borrowed lawfully, including
1 37 interest.
1 38 SEC. 3. The state revenue limit excludes, and the
1 39 local limits include, state revenue transferred to
1 40 local governments or applied as tax credits against
1 41 local taxes.
1 42 SEC. 4. If a government's revenue in a fiscal year
1 43 exceeds its revenue limit, its limit for the next
1 44 fiscal year shall be reduced by the excess amount.
1 45 SEC. 5. A government's revenue limit may be
1 46 temporarily increased in an amount approved by a
1 47 majority of that government's electors voting in a
1 48 referendum. The increase is effective for no more
1 49 than five fiscal years.
1 50 SEC. 6. One or more revenue limits may be
2 1 temporarily increased by law adopted by two-thirds
2 2 vote of the whole membership of each house of the
2 3 General Assembly and approved by the Governor. Each
2 4 such law is effective for only one fiscal year.
2 5 SEC. 7. Any change in a limit under section 4, 5,
2 6 or 6 is effective only for the specified fiscal year
2 7 or years and does not affect computation of the limit

2 8 under section 1.

2 9 SEC. 8. Each government's total spending in a
2 10 fiscal year shall not exceed the sum of its (1)
2 11 revenue limit for that year, adjusted for any change
2 12 under section 4, 5, or 6, or actual revenue, whichever
2 13 is less; (2) actual receipts in that year which are
2 14 excluded from revenue by section 2; and (3) net
2 15 unspent funds carried over from the preceding year.

2 16 SEC. 9. "Revenue" includes all receipts for a
2 17 government's trust funds for unemployment, retirement,
2 18 medical, or other benefits but does not include
2 19 earnings of these trust funds. "Spending" includes
2 20 all payments and transfers into, and excludes payments
2 21 out of, these trust funds. "Net unspent funds"
2 22 excludes these trust funds.

2 23 SEC. 10. A cash reserve shall be maintained by the
2 24 state and moneys in the cash reserve shall be separate
2 25 from the general fund of the state and shall not be
2 26 considered part of the general fund of the state
2 27 except in determining the cash position of the state.
2 28 Moneys in the cash reserve may be used for cash flow
2 29 purposes provided that any moneys so allocated during
2 30 a fiscal year are returned to the cash reserve by the
2 31 end of that fiscal year. Moneys in the cash reserve
2 32 shall not be considered as revenue in applying the
2 33 provisions of this Article.

2 34 The target for the amount of moneys to be
2 35 maintained in the cash reserve shall be five percent
2 36 of the revenue estimate for the general fund of the
2 37 state for that fiscal year. The revenue estimate
2 38 shall be adjusted by subtracting estimated tax refunds
2 39 payable from the estimated revenue and by adding any
2 40 new revenue which may be considered to be eligible for
2 41 deposit in the general fund of the state. However,
2 42 the target identified by this paragraph shall not be
2 43 construed to require more than one percent of the
2 44 adjusted revenue estimate for the general fund of the
2 45 state to be set aside for these purposes in any one
2 46 fiscal year.

2 47 Moneys in the cash reserve may be appropriated by
2 48 the General Assembly only for use in the fiscal year
2 49 in which the appropriation is made. The moneys shall
2 50 only be appropriated in a bill or joint resolution in
3 1 which the appropriation is the only subject matter of
3 2 the bill or joint resolution and which contains a
3 3 statement of the reasons why the appropriation is
3 4 necessary. In addition, moneys shall not be
3 5 appropriated from the cash reserve unless the bill or
3 6 joint resolution making the appropriation is approved
3 7 by a vote of at least three-fifths of the members of
3 8 each chamber of the General Assembly and approved by
3 9 the Governor.

3 10 This section applies to fiscal years commencing on
3 11 or after July 1, 1999.

3 12 SEC. 11. If a new local government is created, the
3 13 state shall establish its base year and the amount of
3 14 its beginning revenue limit, and shall reduce the
3 15 appropriate state or local revenue limit or limits by
3 16 that amount. If two or more local governments are
3 17 combined, their revenue limits shall be combined. If
3 18 a service or program is transferred by law among local
3 19 governments, their revenue limits shall be
3 20 proportionally adjusted by law, with no increase in
3 21 the combined limits. The state may transfer any part
3 22 of its revenue limit to a local government but shall
3 23 not transfer any part of a local limit to the state.

3 24 SEC. 12. If a state law or rule adopted after this

3 25 Article becomes effective requires a local government
3 26 to incur a net cost increase, the state shall pay to
3 27 the local government the amount of the necessary net
3 28 cost increase, and shall increase the local revenue
3 29 limit and decrease the state revenue limit by that
3 30 amount.

3 31 SEC. 13. Any state or local government plan for
3 32 retirement or other employee benefits shall be
3 33 completely funded within ten years after this Article
3 34 becomes effective and at all times thereafter, in
3 35 accordance with generally accepted actuarial and
3 36 accounting principles.

3 37 SEC. 14. The state and local governments shall use
3 38 consistent accounting, in accordance with generally
3 39 accepted accounting principles, for all purposes.

3 40 SEC. 15. Any taxpayer has standing to sue to
3 41 enforce this Article and laws implementing it. If
3 42 successful, the taxpayer shall be reimbursed for all
3 43 reasonable expenses of the suit.

3 44 SEC. 16. This Article becomes effective for the
3 45 first state fiscal year beginning at least six months
3 46 after its approval by the electors. The state by law
3 47 shall implement this Article and may adopt further
3 48 restrictions and limits.

3 49 Sec. 2. DECLARATION OF INTENT. It is the intent
3 50 of the General Assembly in agreeing to the foregoing
4 1 proposed amendment that:

4 2 1. This declaration of intent shall be relied on
4 3 by the electors and the courts, with the same results
4 4 as if it were in the Constitution.

4 5 2. Article XIII does not authorize any borrowing
4 6 and does not impair the debt limits and other
4 7 provisions of Article VII.

4 8 3. To make the adjustment for price inflation or
4 9 deflation, the most reliable index of general price
4 10 inflation in the United States shall be selected in
4 11 good faith as provided by law. The selection of index
4 12 shall not be changed if the change would have the
4 13 effect of weakening the limits. Except for school
4 14 districts, the adjustment for population shall be made
4 15 by using the most recent federal census, but use of
4 16 the most recent federal census estimate may be
4 17 permitted by law.

4 18 4. Official revisions of inflation and population
4 19 data affect revenue limits for future fiscal years,
4 20 but do not change limits for the fiscal year in which
4 21 a revision is made or for prior years.

4 22 5. "Revenue" includes, but is not limited to, all
4 23 taxes, fees, charges, assessments, and other receipts
4 24 of the state and local governments, except amounts
4 25 expressly excluded by section 2, 3, or 9 of Article
4 26 XIII. Amounts transferred between governments are
4 27 counted as revenue only once.

4 28 6. "Fees voluntarily paid for specific services"
4 29 includes fees for hospital, recreational, public
4 30 utility, and similar services, but does not include
4 31 any tax, assessment, toll, or filing, permit,
4 32 registration, or license fee.

4 33 7. A government which excludes an amount from
4 34 revenue under section 2 of Article XIII must
4 35 accurately determine and establish the correct amount
4 36 excluded.

4 37 8. "Government" includes all parts, agencies,
4 38 enterprises, and operations of a government. "Local
4 39 government" includes each city, county, school
4 40 district, special district, and political subdivision
4 41 in the state, except that townships are included with

4 42 county governments.

4 43 9. Because county limits include townships, a
4 44 county government may limit the total revenue and
4 45 spending of townships in that county.

4 46 10. If a government has a deficit of net unspent
4 47 funds at the end of a fiscal year, the deficit is
4 48 subtracted in computing the next year's spending limit
4 49 under section 8 of Article XIII. However, section 8
4 50 is intended to prevent any such deficit and to require
5 1 each government to operate on a balanced budget.

5 2 11. Article XIII shall be interpreted and
5 3 implemented to achieve its purpose to limit the growth
5 4 of revenue and spending of the state and local
5 5 governments.

5 6 Sec. 3. The foregoing proposed amendment to the
5 7 Constitution of the State of Iowa is referred to the
5 8 General Assembly to be chosen at the next general
5 9 election for members of the General Assembly and the
5 10 Secretary of State is directed to cause it to be
5 11 published for three consecutive months previous to the
5 12 date of that election as provided by law."

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5 16 STEWART IVERSON, Jr.

5 17 SJR 1.502 76

5 18 jp/jw