

S-5355

1 Amend House File 2531, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 46, after line 5 by inserting:

4 <DIVISION  
5 STATE EXPENDITURE LIMITATIONS

6 Sec. \_\_\_\_\_. Section 8.22A, Code 2009, is amended to  
7 read as follows:

8 **8.22A Revenue estimating conference.**

9 1. The state revenue estimating conference is  
10 created consisting of the governor or the governor's  
11 designee, the director of the legislative services  
12 agency or the director's designee, and a third member  
13 agreed to by the other two.

14 2. The conference shall meet as often as deemed  
15 necessary, but shall meet at least quarterly. The  
16 conference may use sources of information deemed  
17 appropriate. At each meeting, the conference shall  
18 agree to estimates for both the current and succeeding  
19 fiscal years for the general fund of the state, lottery  
20 revenues to be available for disbursement, and from  
21 gambling revenues and from interest earned on the cash  
22 reserve fund and the economic emergency fund to be  
23 deposited in the rebuild Iowa infrastructure fund.

24 3. By For purposes of the state general fund  
25 expenditure limitation and other expenditure  
26 limitations under section 8.54, by December 15 of each  
27 fiscal year the conference shall agree to a revenue  
28 estimate revenue estimates for the amounts of moneys  
29 subject to an expenditure limitation under section  
30 8.54 for the fiscal year beginning the following July  
31 1. That The estimate amounts shall be used by the  
32 governor in the preparation of the budget message  
33 under section 8.22 and by the general assembly in  
34 the budget process. If the conference agrees to a  
35 different estimate at a later meeting which projects  
36 a greater amount of revenue than the initial estimate  
37 amount agreed to by December 15, the governor and the  
38 general assembly shall continue to use the initial  
39 estimate amount in the budget process for that fiscal  
40 year. However, if the conference agrees to a different  
41 estimate at a later meeting which projects a lesser  
42 amount of revenue than the initial estimate amount,  
43 the governor and the general assembly shall use the  
44 lesser amount in the budget process for that fiscal  
45 year. As used in this subsection, "later meeting"  
46 means only those later meetings which are held prior  
47 to the conclusion of the regular session of the  
48 general assembly and, if the general assembly holds  
49 an extraordinary session prior to the commencement of  
50 the fiscal year to which the estimate applies, those

1 later meetings which are held before or during the  
2 extraordinary session.

3 4. At the meeting in which the conference agrees  
4 to the revenue estimate for the general fund of the  
5 state for the following fiscal year in accordance with  
6 the provisions of subsection 3, the conference shall  
7 agree to an estimate for tax refunds payable from that  
8 estimated revenue. The estimates required by this  
9 subsection shall be used in determining the adjusted  
10 revenue estimate under section 8.54.

11 5. At the meeting in which the conference agrees  
12 to the revenue estimate for the general fund of the  
13 state for the succeeding fiscal year in accordance  
14 with the provisions of subsection 3, the conference  
15 shall also agree to the following estimates which shall  
16 be used by the governor in preparation of the budget  
17 message under section 8.22 and the general assembly in  
18 the budget process for the succeeding fiscal year:

19 a. The amount of lottery revenues that will be  
20 deposited in the general fund for the following fiscal  
21 year to be available for disbursement following the  
22 deductions made pursuant to section 99G.39, subsection  
23 1. This estimate shall be included in the conference's  
24 estimate of general fund revenues and shall be  
25 calculated as the sum of the following, divided by  
26 seven, as agreed to by the conference:

27 (1) The conference's estimate of the amount of  
28 lottery revenues to be deposited in the general fund  
29 for the succeeding fiscal year.

30 (2) The conference's estimate of the amount of  
31 lottery revenues to be deposited in the general fund  
32 for the current fiscal year.

33 (3) The actual amount of the lottery revenues  
34 deposited in the general fund for the five most  
35 recently completed fiscal years, adjusted for inflation  
36 through the close of the most recently completed fiscal  
37 year.

38 b. The amount of revenue for the following fiscal  
39 year from gambling revenues and from interest earned on  
40 the cash reserve fund and the economic emergency fund  
41 to be deposited in the rebuild Iowa infrastructure fund  
42 under section 8.57, subsection 6, paragraph "e".

43 c. The amount of accruals of those revenues  
44 collected by or due from entities other than the  
45 state on or before June 30 of the fiscal year but not  
46 remitted to the state until after June 30.

47 d. The amount of accrued lottery revenues collected  
48 on or before June 30 of the fiscal year but not  
49 transferred to the general fund of the state until  
50 after June 30.

1 6. At the meeting in which the conference agrees to  
2 the revenue estimates for the succeeding fiscal year  
3 in accordance with subsection 3, the conference shall  
4 agree to the amount available in the cash reserve fund  
5 as of the close of the previous fiscal year that may be  
6 appropriated for nonrecurring emergency expenditures as  
7 provided in section 8.56, subsection 5.

8 Sec. \_\_\_\_ . Section 8.54, Code 2009, is amended to  
9 read as follows:

10 **8.54 General fund expenditure limitation and other**  
11 **expenditure limitations.**

12 1. For the purposes of section 8.22A, this section,  
13 and sections 8.55 through 8.57:

14 a. "Adjusted revenue estimate" means the appropriate  
15 revenue estimate for the general fund for the following  
16 fiscal year as determined by the revenue estimating  
17 conference under section 8.22A, subsection 3, adjusted  
18 by subtracting estimated tax refunds payable from  
19 that estimated revenue, adding accruals determined in  
20 accordance with section 8.22A, subsection 5, and as  
21 determined by the conference, adding any new revenues  
22 which may be considered to be eligible for deposit in  
23 the general fund.

24 b. "Inflation" means the percentage change in the  
25 consumer price index for all urban consumers, midwest  
26 region, published by the United States department of  
27 labor, bureau of labor statistics.

28 c. "New revenues" means moneys which are received  
29 by the general fund of the state due to increased  
30 tax rates and fees or newly created taxes and fees  
31 over and above those moneys which are received due to  
32 state taxes and fees which are in effect as of January  
33 1 following the December state revenue estimating  
34 conference. "New revenues" also includes moneys  
35 received by the general fund of the state due to new  
36 transfers over and above those moneys received by the  
37 general fund of the state due to transfers which are  
38 in effect as of January 1 following the December state  
39 revenue estimating conference. The department of  
40 management shall obtain concurrence from the revenue  
41 estimating conference on the eligibility of transfers  
42 to the general fund of the state which are to be  
43 considered as new revenue in determining the state  
44 general fund expenditure limitation.

45 2. a. There is created a state general fund  
46 expenditure limitation for each fiscal year calculated  
47 as provided in this section.

48 b. There is created a gambling revenue expenditure  
49 limitation calculated as provided in this section. The  
50 limitation applies to revenues received by the state

1 that are attributable to gambling and available for  
2 appropriation but are not credited to the general fund  
3 of state. The gambling revenue expenditure limitation  
4 does not include lottery revenue.

5 c. An expenditure limitation shall be used for the  
6 portion of the budget process commencing on the date  
7 the revenue estimating conference agrees to a revenue  
8 estimate for the following fiscal year in accordance  
9 with section 8.22A, subsection 3, and ending with  
10 the governor's final approval or disapproval of the  
11 appropriations bills applicable to that fiscal year  
12 that were passed prior to July 1 of that fiscal year in  
13 a regular or extraordinary legislative session.

14 3. Except as otherwise provided in this section,  
15 the state general fund expenditure limitation for  
16 a fiscal year shall be ninety-nine percent of the  
17 adjusted revenue estimate of the general fund average,  
18 as agreed to by the revenue estimating conference. The  
19 general fund average for a fiscal year is the sum of  
20 the following, divided by seven:

21 a. The adjusted revenue estimate for the succeeding  
22 fiscal year.

23 b. The revenue estimate for the current fiscal  
24 year, adjusted by subtracting estimated tax refunds  
25 payable from that estimated revenue and as determined  
26 by the conference, adding any new revenues which may be  
27 considered to be eligible for deposit in the general  
28 fund.

29 c. The net revenue for the general fund of the  
30 state for the five most recently completed fiscal  
31 years, adjusted by subtracting tax refunds paid from  
32 the revenue and adjusted for inflation through the  
33 close of the most recently completed fiscal year.

34 4. The gambling revenue expenditure limitation  
35 for a fiscal year shall be the sum of the following,  
36 divided by seven, as agreed to by the revenue  
37 estimating conference:

38 a. The gambling revenues estimate for the  
39 succeeding fiscal year.

40 b. The gambling revenues estimate for the current  
41 fiscal year.

42 c. The net gambling revenues for the five most  
43 recently completed fiscal years, adjusted for inflation  
44 through the close of the most recently completed fiscal  
45 year.

46 4. 5. The state general fund expenditure  
47 limitation amount and the gambling revenue expenditure  
48 limitation amount provided for in this section shall  
49 be used by the governor in the preparation of the  
50 budget under section 8.22 and approval of the budget

1 and by the general assembly in the budget process.  
2 If a source for new revenues is proposed, the budget  
3 revenue projection used for that new revenue source  
4 for the period beginning on the effective date of the  
5 new revenue source and ending in the fiscal year in  
6 which the source is included in the revenue base shall  
7 be an amount determined by subtracting estimated tax  
8 refunds payable from the projected revenue from that  
9 new revenue source, multiplied by ninety-five percent.  
10 If a new revenue source is established and implemented  
11 that would affect an expenditure limitation amount,  
12 the original ~~state general fund~~ expenditure limitation  
13 amount provided for in subsection 3 shall be readjusted  
14 to include ninety-five percent of the estimated revenue  
15 from the new revenue source.

16 ~~5. For fiscal years in which section 8.55,~~  
17 ~~subsection 2, results in moneys being transferred~~  
18 ~~to the general fund, the original state general~~  
19 ~~fund expenditure limitation amount provided for in~~  
20 ~~subsection 3 shall be readjusted to include the moneys~~  
21 ~~which are so transferred.~~

22 6. The scope of the expenditure  
23 limitation limitations  
24 under ~~subsection 3~~ this section shall not encompass  
25 federal funds, donations, constitutionally dedicated  
26 moneys, moneys appropriated from the cash reserve  
27 fund or Iowa economic emergency fund, and moneys in  
28 expenditures from state retirement system moneys.

29 7. The governor shall transmit to the general  
30 assembly, in accordance with section 8.21, a  
31 budget which does not exceed the ~~state general fund~~  
32 ~~expenditure limitation~~ expenditure limitations under  
33 this section. The general assembly shall pass a  
34 budget which does not exceed the ~~state general fund~~  
35 ~~expenditure limitation~~ expenditure limitations. The  
36 governor shall not transmit a budget with recommended  
37 appropriations in excess of the ~~state general fund~~  
38 ~~expenditure limitation~~ expenditure limitations and  
39 the general assembly shall not pass a budget with  
40 appropriations in excess of the ~~state general fund~~  
41 ~~expenditure limitation~~ expenditure limitations. The  
42 governor shall not approve or disapprove appropriation  
43 bills or items of appropriation bills passed by the  
44 general assembly in a manner that would cause the  
45 final budget approved by the governor to exceed the  
46 ~~state general fund expenditure limitation~~ expenditure  
47 limitations. In complying with the requirements  
48 of this subsection, the governor and the general  
49 assembly shall not rely on any anticipated reversion  
50 of appropriations in order to meet the ~~state general~~

1 ~~fund any expenditure limitation.~~

2 Sec. \_\_\_\_\_. Section 8.55, subsection 2, paragraph a,  
3 Code 2009, is amended to read as follows:

4 a. The maximum balance of the fund is the amount  
5 equal to ~~two~~ five and one-half percent of the adjusted  
6 revenue estimate for the fiscal year. If the amount of  
7 moneys in the Iowa economic emergency fund is equal to  
8 the maximum balance, moneys in excess of this amount  
9 shall be transferred to the ~~general fund property tax~~  
10 equity and relief fund created in section 257.16A.

11 Sec. \_\_\_\_\_. Section 8.56, subsections 2 and 3, Code  
12 2009, are amended to read as follows:

13 2. a. Moneys shall be credited to the cash reserve  
14 fund from all of the following:

15 (1) Appropriations made to the fund pursuant to  
16 section 8.57.

17 (2) The state's share of the proceeds under chapter  
18 809A.

19 (3) Moneys collected in the settlement or  
20 prosecution of a claim by the state that are not  
21 otherwise specifically allocated in accordance with law  
22 to another fund.

23 (4) Other moneys designated by law or by the  
24 executive council as one-time revenues and which are  
25 not otherwise specifically allocated by law to another  
26 fund.

27 b. The maximum balance of the cash reserve fund is  
28 the amount equal to the cash reserve goal percentage,  
29 as defined in section 8.57, multiplied by the adjusted  
30 revenue estimate for the general fund of the state for  
31 the current fiscal year.

32 3. The moneys in the cash reserve fund shall only  
33 be used pursuant to an appropriation made by the  
34 general assembly. ~~An~~ Except as provided in subsection  
35 5, an appropriation shall be made in accordance with  
36 subsection 4 from the cash reserve fund only for the  
37 fiscal year in which the appropriation is made. The  
38 moneys shall only be appropriated by the general  
39 assembly for nonrecurring emergency expenditures and  
40 shall not be appropriated for payment of any collective  
41 bargaining agreement or arbitrator's decision  
42 negotiated or awarded under chapter 20. Except as  
43 provided in section 8.58, the cash reserve fund shall  
44 be considered a special account for the purposes of  
45 section 8.53 in determining the cash position of the  
46 general fund of the state for the payment of state  
47 obligations.

48 Sec. \_\_\_\_\_. Section 8.56, Code 2009, is amended by  
49 adding the following new subsection:

50 NEW SUBSECTION. 5. If the adjusted revenue

1 estimate for the succeeding fiscal year is less than  
2 ninety-eight percent of the general fund average for  
3 that fiscal year under section 8.54, subsection 3, an  
4 appropriation for nonrecurring emergency expenditures  
5 from the cash reserve fund may be made to provide  
6 additional funding for the succeeding fiscal year.  
7 However, the amount of such appropriation shall not  
8 exceed the difference of ninety-eight percent of  
9 such general fund average minus the adjusted revenue  
10 estimate for the succeeding fiscal year. The amount of  
11 such appropriation shall not exceed twenty-five percent  
12 of the ending balance in the cash reserve fund in the  
13 most recently completed fiscal year.

14 Sec. \_\_\_\_\_. Section 284.3A, Code Supplement 2009, is  
15 amended by adding the following new subsection:

16 NEW SUBSECTION. 4. The teacher salary supplement  
17 district cost as calculated under section 257.10,  
18 subsection 9, and the area education agency teacher  
19 salary supplement district cost as calculated under  
20 section 257.37A, subsection 1, are not subject to a  
21 uniform reduction in accordance with section 8.31.  
22 Notwithstanding any provision of law to the contrary,  
23 if the governor orders budget reductions in accordance  
24 with section 8.31, a collective bargaining agreement  
25 negotiated under chapter 20 and in effect on the date  
26 the budget reduction was ordered shall be reopened  
27 and renegotiated by the boards of directors of school  
28 districts and area education agencies and the employee  
29 organizations representing the employees of the school  
30 districts and area education agencies.

31 Sec. \_\_\_\_\_. Section 809A.17, subsection 3, Code 2009,  
32 is amended to read as follows:

33 3. The state share of the cash proceeds from  
34 forfeited property shall be credited to the cash  
35 reserve fund. Forfeited property that is not cash  
36 or sold may be used by the department of justice in  
37 the enforcement of the criminal law. The department  
38 may give, sell, or trade forfeited property that is  
39 not cash or sold to any other state agency or to any  
40 other law enforcement agency within the state if, in  
41 the opinion of the attorney general, it the forfeited  
42 property will enhance law enforcement within the state.

43 Sec. \_\_\_\_\_. APPLICABILITY. This division of this Act  
44 applies beginning July 1, 2010, for the budget process  
45 for the succeeding fiscal year.>

46 2. By renumbering as necessary.

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