
Iowa Legislative Fiscal Bureau

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Transferred Trust Fund Status

ISSUE

Several trust funds had their ending balances for FY 1991 transferred into the General Fund, and their trust fund status eliminated temporarily until the end of FY 1993.

AFFECTED AGENCIES

Various Agencies

CODE AUTHORITY

House File 173, 1991 Iowa Acts

Senate File 532, 1991 Iowa Acts

Senate File 529, 1991 Iowa Acts

BACKGROUND

During the 1991 Legislative Session, the Governor proposed transferring the ending balances of 33 trust funds (estimated at \$30.7 million), eliminating their trust fund status, and having the receipts deposited directly into the General Fund. The General Assembly approved, in House File 173, transferring the ending balances of 27 trust funds at the end of FY 1991 into the General Fund (\$22.1 million). The General Assembly also approved having the receipts from the trust funds deposited directly into the General Fund during FY 1992 and FY 1993. At the end of FY 1993, those 27 trust funds will revert to their original status. Attachment 1 shows the amount that was originally estimated to transfer to the General Fund in FY 1991, the amount actually transferred in FY 1991, the final appropriation (after reversions) for FY 1992, the receipts deposited into the General Fund during FY 1992, the FY 1993 appropriation, and the receipts deposited into the General Fund during the first quarter of FY 1993.

Section 1101 of HF 173 contained language requiring the moneys transferred from the funds and accounts only be used for purposes for which they were collected. The Governor vetoed this language, stating it was too restrictive for cash balances of the funds being transferred for FY 1991, and was more appropriate for FY 1992 and beyond. He also stated this language would reduce efforts to move toward Generally Accepted Accounting Principles (GAAP).

Section 508.3 of SF 529 contained additional language specifying that moneys deposited into the General Fund (and the interest earned on them) from the Railroad Assistance Fund, the Special Railroad Facility Fund, the State Aviation Fund, and the Public Transit Assistance Fund, are to be used only for purposes for which the moneys were collected. The Governor did not veto this language. It applies only to funds collected in FY 1992 and beyond. The amount collected in FY 1992 was \$8.2 million while the amount appropriated was \$9.6 million. While the amount appropriated was greater in FY 1992 than the amount collected, it should be noted that no effort is being made to allocate interest earned on deposits because of the complexity involved in doing this. The amount appropriated for FY 1993 is \$10.9 million.

CURRENT SITUATION

As Attachment 1 shows, receipts deposited into the General Fund were \$36.6 million for FY 1992, while appropriations after reversions for FY 1992 were \$36.3 million. The FY 1993 appropriation is \$36.7 million.

The Department of Management and the Legislative Fiscal Bureau estimated collections into the General Fund during FY 1993 from these accounts would be \$40.5 million. This was based on actual FY 1992 collections and projections from each department involved. Through the first quarter of FY 1993, \$11.6 million has been deposited. To comply with current law, the Revenue Estimating Conference has excluded these funds in establishing its FY 1994 General Fund receipts estimate.

According to SF 532, Sections 905.1 and 905.2, any monies that have been transferred to the General Fund from the Commerce Revolving Funds, the Pesticide, and the Fertilizer Trust Funds will be returned to those accounts. The amount transferred from these funds at the end of FY 1991 was \$5.3 million.

ALTERNATIVES

The General Assembly may take action to continue the transfer of revenues from all or some of the affected funds for a set period of time or permanently. If no action is taken, the transferred accounts will revert back to their original trust fund status.

BUDGET IMPACT

If no action is taken, current law dictates that \$5.3 million needs to be reinstated to the Commerce Revolving Funds, the Pesticide, and Fertilizer Trust Funds in FY 1994. In addition, an estimated \$40.5 million would not be deposited into the General Fund for FY 1994 and beyond.

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Transferred Trust Fund Status

STATUS OF TRUST FUND ACCOUNTS TRANSFERRED TO THE GENERAL FUND

	<u>Original Transfer Estimate</u>	<u>Actual Amount Transferred</u>	<u>FY 1992 Original Appropriation</u>	<u>FY 1992 Final Appropriation After Reversions</u>	<u>FY 1992 Amount Collected General Fund</u>	<u>FY 1993 Appropriation</u>	<u>FY 1993 Collections 9/30/92</u>
Energy Research & Development Fund	\$ 590,000	\$ 490,000	\$ 150,000	\$ 143,843	\$ 0	\$ 150,000	\$ 0
Pari-Mutuel Regulation Fund	370,000	270,911	1,806,593	1,498,875	842,081	1,572,572	221,687
Excursion Gambling Boat Revenue Fund	300,000	354,976	511,125	488,012	1,402,719	588,537	377,076
State Conservation Fund	0	0	0	0	0	0	0
Administration Fund	0	0	0	0	0	0	0
Public Outdoor Recreation & Resources Fund	0	0	0	0	0	0	0
Milk Fund	0	68,196	645,901	619,390	476,858	616,142	133,245
Dairy Trade Practices Trust Fund	70,000	67,859	101,183	43,601	74,938	66,131	16,642
Commercial Feed Fund	110,000	64,047	748,042	684,151	805,189	723,513	320,482
Fertilizer Fund	4,500	135,739	841,764	695,286	741,864	644,889	532,794
Pesticide Fund	470,000	580,581	1,140,208	1,093,408	1,203,533	1,129,650	154,827
Motor Vehicle Fraud Account	360,000	425,000	0	0	193,861	0	64,835
Salvage Vehicle Account	100,000	114,172	0	0	109,475	0	11,770
Marine Fuel Tax Fund	2,000,000	2,083,968	3,970,568	3,588,356	2,096,656	2,063,256	606,940
Special Railroad Facility Fund	4,500,000	4,258,072	NA	NA	1,437,633	0	558,340
State Aviation Fund	2,000,000	1,556,367	NA	NA	2,211,165	0	641,730
Railroad Assistance Fund	4,100,000	1,726,954	NA	NA	147,730	0	18,406
Rail and Aviation Projects	NA	NA	5,230,546	3,608,234	NA	5,045,025	NA
Security Deposit Account	1,500,000	1,428,142	500,000	368,277	408,441	570,000	87,730
GAAP Escrow Account	180,000	729,388	0	0	0	0	0
Utilities Trust Fund	490,000	2,341,202	6,843,961	6,110,328	5,416,897	6,077,075	1,186,564
Insurance Revolving Fund	130,000	847,689	4,448,671	3,922,217	7,679,090	4,096,512	1,632,285
Banking Revolving Fund	290,000	618,181	5,832,042	4,709,501	4,758,463	4,709,767	1,107,627
Credit Union Revolving Fund	180,000	211,506	954,946	820,733	924,883	815,416	182,086
Savings & Loan Revolving Fund	240,000	21,466	0	0	0	0	0
Professional Licensing Revolving Fund	480,000	619,381	853,541	747,249	1,234,485	762,624	339,482
Administrative Services Trust Fund	320,000	417,981	1,470,846	1,230,400	0	1,135,755	1,135,755
Public Transit Assistance Fund	2,100,000	2,716,192	6,833,197	5,957,095	4,409,621	5,890,000	2,226,611
Total	<u>\$ 20,884,500</u>	<u>\$ 22,147,970</u>	<u>\$ 42,883,134</u>	<u>\$ 36,328,956</u>	<u>\$ 36,575,583</u>	<u>\$ 36,656,864</u>	<u>\$ 11,556,914</u>