



THOMAS J. VILSACK
GOVERNOR

OFFICE OF THE GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

February 12, 2004

Christopher Rants
Speaker of the House
State Capitol Building
L O C A L

Dear Speaker Rants:

I hereby transmit House File 2039, An Act relating to state budget provisions involving the ending balance in the general fund of the state and the state general fund expenditure limitation by transferring funds from the cash reserve fund and by revising the percentage amount used for the limitation, providing for a standing limited appropriation to the senior living trust fund, and including effective date and applicability provisions.

House File 2039 is approved on this date with the following exceptions, which I hereby disapprove:

I am unable to approve the item designated as Section 2 in its entirety. This section establishes a 98 percent expenditure limitation for the state general fund, which will compromise the state's ability to protect Iowan's priorities and fund essential services. Putting an additional 1 percent of the state's budget in a savings account will shortchange our commitment to excellence in education, impede our ability to provide basic health care for seniors and veterans, and jeopardize efforts to ensure the safety and security of all Iowans. Furthermore, the state currently maintains healthy reserve accounts with over \$160 million in reserves following the appropriation of \$45.8 million from the cash reserve fund. I am disappointed that legislative leadership rejected my efforts to find a compromise on this issue. I am more than willing to work with you on establishing a 98 percent expenditure limitation if it applies to a larger budget where priority services would not be compromised and if the income generated from the interest on the one percent were devoted to early childhood education.

I am unable to approve the item designated as Section 4, subsection 2 in its entirety. This subsection establishes the effective date for Section 2 of this act. By vetoing Section 2, this subsection is no longer relevant.



For the above reasons, I respectfully disapprove these items in accordance with Article 3 Section 16 of the Constitution of the State of Iowa. All other items in House File 2039 are hereby approved as of this date.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Vilsack', with a long horizontal flourish extending to the right.

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House



HOUSE FILE 2039

AN ACT

RELATING TO STATE BUDGET PROVISIONS INVOLVING THE ENDING BALANCE IN THE GENERAL FUND OF THE STATE AND THE STATE GENERAL FUND EXPENDITURE LIMITATION BY TRANSFERRING FUNDS FROM THE CASH RESERVE FUND AND BY REVISING THE PERCENTAGE AMOUNT USED FOR THE LIMITATION, PROVIDING FOR A STANDING LIMITED APPROPRIATION TO THE SENIOR LIVING TRUST FUND, AND INCLUDING EFFECTIVE DATE AND APPLICABILITY PROVISIONS.

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

Section 1. CASH RESERVE TRANSFER TO GENERAL FUND.

Notwithstanding any conflicting provisions of section 8.56, there is transferred from the cash reserve fund created in section 8.56, to the general fund of the state for the fiscal year beginning July 1, 2002, and ending June 30, 2003, the following amount:

..... \$ 45,828,000

Sec. 2. Section 8.54, subsections 2 and 3, Code 2003, are amended to read as follows:

2. There is created a state general fund expenditure limitation for each fiscal year ~~beginning-on-or-after-July-17~~ 1993, calculated as provided in this section.

3. Except as otherwise provided in this section, the state general fund expenditure limitation for a fiscal year shall be ninety-nine ninety-eight percent of the adjusted revenue estimate.

Sec. 3. Section 8.57, Code Supplement 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. There is appropriated from the surplus existing in the general fund of the state at the

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conclusion of the fiscal year beginning July 1, 2005, and ending June 30, 2006, and at the conclusion of each succeeding fiscal year for distribution to the senior living trust fund, an amount equal to one percent of the adjusted revenue estimate for the current fiscal year. However, if the amount of the surplus existing in the general fund of the state at the conclusion of a fiscal year is less than two percent of the adjusted revenue estimate for that fiscal year, the amount of the appropriation made in this paragraph shall be equal to fifty percent of the surplus amount. The appropriation made in this paragraph shall be distributed to the senior living trust fund in the succeeding fiscal year. For the purposes of this subsection, "surplus" means the same as defined in subsection 1, paragraph "b".

b. The appropriation made in paragraph "a" shall be made before the appropriations are made pursuant to subsections 1, 2, and 3, of the surplus existing in the general fund of the state at the conclusion of the fiscal year beginning July 1, 2005, and ending June 30, 2006, and each succeeding fiscal year.

c. The appropriation made in paragraph "a" shall continue until the aggregate of the appropriations made or transferred to the senior living trust fund pursuant to paragraph "a" of this subsection and section 8.55, subsection 2, paragraph "c", is equal to one hundred eighteen million dollars.

d. The aggregate amount of the appropriations to be transferred from the Iowa economic emergency fund to the senior living trust fund pursuant to section 8.55, subsection 2, paragraph "c", shall be reduced by the appropriations made pursuant to paragraph "a" of this subsection.

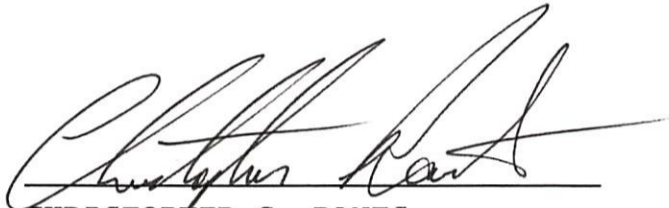
e. This subsection is repealed when the aggregate amount of appropriations specified in paragraph "c" has been distributed or transferred to the senior living trust fund. The director of the department of management shall notify the Iowa Code editor when the aggregate amount has been distributed or transferred.

Sec. 4. EFFECTIVE DATE -- APPLICABILITY.

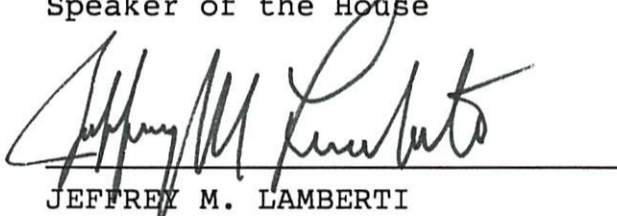
1. Section 1 of this Act, providing a cash reserve transfer to the general fund of the state, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to June 30, 2003.

2. Section 2 of this Act, amending section 8.54, takes effect December 15, 2004, or the date the revenue estimating conference agrees to the revenue estimate for the fiscal year beginning July 1, 2005, and ending June 30, 2006, that is required to be used by the governor and the general assembly for preparation and passage of the state budget for that fiscal year pursuant to section 8.22A, subsections 3 and 4, whichever date is earlier. Section 2 of this Act is first applicable to the expenditure limitation calculated in accordance with section 8.54 for the fiscal year beginning July 1, 2005, and ending June 30, 2006.

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CHRISTOPHER C. RANTS
Speaker of the House



JEFFREY M. LAMBERTI
President of the Senate

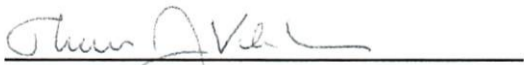
I hereby certify that this bill originated in the House and is known as House File 2039, Eightieth General Assembly.



MARGARET THOMSON
Chief Clerk of the House

with exceptions noted

Approved February 12, 2004



THOMAS J. VILSACK
Governor