

JAN 23 1995

STATE GOVERNMENT

HOUSE FILE 62
BY CHURCHILL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to biennial budgets and providing effective and
2 applicability dates.

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

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HF 62

1 Section 1. Section 2.12, unnumbered paragraph 4, Code
2 1995, is amended to read as follows:

3 There is appropriated out of any funds in the state
4 treasury not otherwise appropriated such sums as may be
5 necessary for the fiscal year biennium budgets of the
6 legislative service bureau, the legislative fiscal bureau, the
7 citizens' aide office, and the computer support bureau for
8 salaries, support, maintenance, and miscellaneous purposes to
9 carry out their statutory responsibilities. The legislative
10 service bureau, the legislative fiscal bureau, the citizens'
11 aide office, and the computer support bureau shall submit
12 their proposed budgets for the two fiscal years of the fiscal
13 biennium to the legislative council not later than September 1
14 of each the year preceding the first year of the legislative
15 biennium. The legislative council shall review and approve
16 the proposed budgets not later than December 1 of each the
17 year preceding the first year of the legislative biennium.
18 The budget approved by the legislative council for each of its
19 statutory legislative agencies shall be transmitted by the
20 legislative council to the department of management on or
21 before December 1 of each the year preceding the first year of
22 the legislative biennium for the fiscal year biennium
23 beginning July 1 of the following year. The department of
24 management shall submit the approved budgets received from the
25 legislative council to the governor for inclusion in the
26 governor's proposed budget for the succeeding fiscal year
27 biennium. The approved budgets shall also be submitted to the
28 chairpersons of the committees on appropriations. The
29 committees on appropriations may allocate from the funds
30 appropriated by this section the funds contained in the
31 approved budgets, or such other amounts as specified, pursuant
32 to a concurrent resolution ~~to be~~ approved by both houses of
33 the general assembly. The director of revenue and finance
34 shall issue warrants for salaries, support, maintenance, and
35 miscellaneous purposes upon requisition by the administrative

1 head of each statutory legislative agency. If the legislative
2 council elects to change the approved budget for a legislative
3 agency for either or both fiscal years of a fiscal biennium
4 prior to July 1, the legislative council shall transmit the
5 amount of the budget revision to the department of management
6 prior to July 1 of the affected fiscal year, however, if the
7 general assembly approved the budget it cannot be changed
8 except pursuant to a concurrent resolution approved by the
9 general assembly.

10 Sec. 2. NEW SECTION. 2.12B FISCAL BIENNIUM --
11 APPROPRIATIONS.

12 In the first year of each legislative biennium the general
13 assembly shall enact appropriations for the two fiscal years
14 of the ensuing fiscal biennium. An appropriation shall
15 indicate the source from which the appropriation shall be
16 paid. An appropriation need not be in greater detail than to
17 indicate the total appropriation to be made for both of the
18 following:

19 1. Administration, operation, and maintenance of each
20 department and establishment, as defined in section 8.2, for
21 each fiscal year of a fiscal biennium.

22 2. The cost of land, public improvements, and other
23 capital outlays for each department and establishment,
24 itemized by specific projects or classes of projects of the
25 same general character.

26 The general assembly may enact appropriation bills in the
27 second year of a fiscal biennium providing for supplemental
28 appropriations to or appropriation reductions from the
29 previously enacted fiscal biennium budget.

30 Sec. 3. Section 8.6, subsection 2, Code 1995, is amended
31 to read as follows:

32 2. REPORT OF STANDING APPROPRIATIONS. To annually
33 biennially prepare a separate report containing a complete
34 list of all standing appropriations showing the amount of each
35 appropriation and the purpose for which the appropriation is

1 made and furnish a copy of the report to each member of the
2 general assembly on or before the first day of each the first
3 regular session of a legislative biennium.

4 Sec. 4. Section 8.21, unnumbered paragraph 1, Code 1995,
5 is amended to read as follows:

6 Not later than the first February 1 of each legislative
7 session biennium, the governor shall transmit to the
8 legislature general assembly a document to be known as a
9 budget, setting forth the governor's financial program for
10 each of the fiscal years of the ensuing fiscal year biennium
11 and having the character and scope set forth in sections 8.22
12 through 8.29.

13 Sec. 5. Section 8.22, Code 1995, is amended to read as
14 follows:

15 8.22 NATURE AND CONTENTS OF BUDGET.

16 The budget shall consist of three parts, the nature and
17 contents of which shall be as follows:

18 PART I

19 GOVERNOR'S BUDGET MESSAGE. Part I shall consist of the
20 governor's budget message, in which the governor shall set
21 forth:

22 1. The governor's program for meeting all the expenditure
23 needs of the government for the each of the fiscal years of
24 the ensuing fiscal year biennium, indicating the classes of
25 funds, general or special, from which appropriations are to be
26 made and the means through which the expenditures shall be
27 financed.

28 The governor's program shall include a single budget
29 request for all capital projects proposed by the governor.
30 The request shall include but is not limited to the following:

31 a. The purpose and need for each capital project.

32 b. A priority listing of capital projects.

33 c. The costs of acquisition, lease, construction,
34 renovation, or demolition of each capital project.

35 d. The identification of the means and source of funding

- 1 each capital project.
- 2 e. The estimated operating costs of each capital project
3 after completion.
- 4 f. The estimated maintenance costs of each capital project
5 after completion.
- 6 g. The consequences of delaying or abandoning each capital
7 project.
- 8 h. Alternative approaches to meeting the purpose or need
9 for each capital project.
- 10 i. Alternative financing mechanisms.
- 11 j. A cost-benefit analysis or economic impact of each
12 capital project.
- 13 2. Financial statements giving in summary form:
- 14 a. The condition of the treasury at the end of the last
15 completed fiscal year, the estimated condition of the treasury
16 at the end of the year in progress, and the estimated
17 condition of the treasury at the end of each of the following
18 fiscal-year fiscal years of the ensuing fiscal biennium if the
19 governor's budget proposals are put into effect.
- 20 b. Statements showing the bonded indebtedness of the
21 government, debt authorized and unissued, debt redemption and
22 interest requirements, and condition of the sinking funds, if
23 any.
- 24 c. A summary of appropriations recommended for each of the
25 following-fiscal-year fiscal years of the ensuing fiscal
26 biennium for each department and establishment and for the
27 government as a whole, in comparison with the actual
28 expenditures for the last completed fiscal year and the
29 estimated expenditures for the year in progress.
- 30 d. A summary of the revenue, estimated to be received by
31 the government during the following ensuing fiscal year
32 biennium, classified according to sources, in comparison with
33 the actual revenue received by the government during the last
34 completed fiscal year and estimated income during the year in
35 progress.

1 e. A statement of federal funds received in the form of
2 block or categorical grants which were not included in the
3 governor's budget for the previous fiscal year biennium in
4 progress and a statement of anticipated block grants and
5 categorical grants for the ensuing fiscal biennium. The
6 budget shall indicate how the federal funds will be used and
7 the programs to which they will be allocated. The amount of
8 state funds required to implement the programs to which the
9 federal funds will apply shall also be indicated. The
10 departments shall provide information to the director on the
11 anticipated federal block grants and categorical grants to be
12 received on or before November 1 of each year. The director
13 shall use this information to develop an annual update of the
14 statement of federal funds received which shall be provided to
15 the general assembly.

16 f. Other financial statements, data, and comments as in
17 the governor's opinion are necessary or desirable in order to
18 make known in all practicable detail the financial condition
19 and operation of the government and the effect that the
20 biennial budget as proposed by the governor will have on the
21 financial condition and operation.

22 If the estimated revenues of the government for the ensuing
23 fiscal year biennium as set forth in the budget on the basis
24 of existing laws, plus the estimated amounts in the treasury
25 at the close of the year fiscal biennium in progress,
26 available for expenditure in the ensuing fiscal year biennium
27 are less than the aggregate recommended for the ensuing fiscal
28 year biennium as contained in the budget, the governor shall
29 make recommendations to the legislature general assembly in
30 respect to the manner in which the deficit shall be met,
31 whether by an increase in the state tax or the imposition of
32 new taxes, increased rates on existing taxes, or otherwise,
33 and if the aggregate of the estimated revenues, plus estimated
34 balances in the treasury, is greater than the recommended
35 appropriations for the ensuing fiscal year biennium, the

1 governor shall make recommendations in reference to the
2 application of the surplus to the reduction of debt or
3 otherwise, to the reduction in taxation, or to such other
4 action as in the governor's opinion is in the interest of the
5 public welfare.

6 PART II

7 RECOMMENDED APPROPRIATIONS. Part II shall present in
8 detail for each year of the ensuing fiscal year biennium the
9 governor's recommendations for appropriations to meet the
10 expenditure needs of the government from each general class of
11 funds, in comparison with actual expenditures for each of the
12 purposes during the last completed fiscal year and estimated
13 expenditures for the year in progress, classified by
14 departments and establishments and indicating for each the
15 appropriations recommended for:

16 1. Meeting the cost of administration, operation, and
17 maintenance of the departments and establishments.

18 2. Appropriations for meeting the cost of land, public
19 improvements, and other capital outlays in connection with the
20 departments and establishments.

21 Each item of expenditure, actual or estimated, and
22 appropriations recommended for administration, operation, and
23 maintenance of each department or establishment shall be
24 supported by detailed statements showing the actual and
25 estimated expenditures and appropriations classified by
26 objects according to a standard scheme of classification to be
27 prescribed by the director.

28 PART III

29 APPROPRIATION BILLS. Part III shall include a draft or
30 drafts of appropriation bills having for their purpose to give
31 legal sanction to the appropriations recommended to be made in
32 Parts I and II. The appropriation bills shall indicate the
33 funds, general or special, from which the appropriations shall
34 be paid, but the appropriations need not be in greater detail
35 than to indicate the total appropriation to be made for both

1 of the following:

2 1. Administration, operation, and maintenance of each
3 department and establishment for each year of the fiscal year
4 biennium.

5 2. The cost of land, public improvements, and other
6 capital outlays for each department and establishment,
7 itemized by specific projects or classes of projects of the
8 same general character.

9 The governor may submit appropriation bills in the second
10 year of a fiscal biennium providing for supplemental
11 appropriations to or appropriation reductions from the
12 previously enacted fiscal biennium budget.

13 Sec. 6. Section 8.22A, subsections 3 and 4, Code 1995, are
14 amended to read as follows:

15 3. By December 15 of each fiscal year the conference shall
16 agree to a revenue estimate for ~~the fiscal year beginning the~~
17 ~~following July 1.~~ That each of the two following fiscal
18 years.

19 a. In a fiscal year preceding a fiscal biennium, the
20 estimate for each of the fiscal years of the fiscal biennium
21 shall be used by the governor in the preparation of the budget
22 message under section 8.22 and by the general assembly in the
23 budget process for both fiscal years of that fiscal biennium.

24 b. In a fiscal year in which the following fiscal year is
25 the second year of a fiscal biennium and the conference agrees
26 to a different estimate for the second fiscal year than was
27 used in the initial budget process for the second fiscal year,
28 the adjusted revenue estimate determined pursuant to section
29 8.54 for that second year shall be revised based upon the
30 different estimate. The different estimate shall be used by
31 the governor in the preparation of the budget message under
32 section 8.22 and by the general assembly in the budget process
33 for the second fiscal year.

34 c. If the conference agrees to a different estimate at a
35 later meeting which projects a greater amount of revenue than

1 the initial estimate amount for a fiscal year agreed to by
2 December 15, the governor and the general assembly shall
3 continue to use the initial estimate amount in the budget
4 process for that fiscal year. However, if the conference
5 agrees to a different estimate for a fiscal year at a later
6 meeting which projects a lesser amount of revenue than the
7 initial estimate amount, the governor and the general assembly
8 shall use the lesser amount in the budget process for that
9 fiscal year. As used in this subsection, "later meeting"
10 means only those later meetings which are held prior to the
11 conclusion of the a regular session of the general assembly.

12 4. At the meeting in which the conference agrees to the
13 revenue estimate for ~~the following~~ a fiscal year in accordance
14 with the provisions of subsection 3, which is used in
15 determining an adjusted revenue estimate under section 8.54,
16 the conference shall agree to an estimate for tax refunds
17 payable from that estimated revenue. The estimates required
18 by this subsection shall be used in determining the adjusted
19 revenue estimate under section 8.54.

20 Sec. 7. Section 8.23, unnumbered paragraph 1, Code 1995,
21 is amended to read as follows:

22 On or before September 1, prior to each legislative
23 session, all departments and establishments of the government
24 shall transmit to the director, on blanks ~~to be~~ furnished by
25 the director, estimates of their expenditure requirements,
26 including every proposed expenditure, for each fiscal year of
27 the ensuing fiscal year biennium, classified so as to
28 distinguish between expenditures estimated for administration,
29 operation, and maintenance, and the cost of each project
30 involving the purchase of land or the making of a public
31 improvement or capital outlay of a permanent character,
32 together with supporting data and explanations as called for
33 by the director. The budget estimates shall include for those
34 agencies which pay for energy directly a line item for energy
35 expenses itemized by type of energy and location. The

1 estimates of expenditure requirements shall be based upon
2 seventy-five percent of the funding provided for the current
3 fiscal year, accounted for by program and reduced by the
4 historical employee vacancy factor in a form specified by the
5 director and, with the remainder of the estimate estimates of
6 expenditure requirements prioritized by program. On or before
7 September 1, prior to the second session of a legislative
8 biennium, all departments and establishments shall transmit to
9 the director, on blanks furnished by the director, estimates
10 of their requirements for supplemental appropriations or
11 appropriations reductions for the fiscal biennium budget in
12 progress. The estimates shall be accompanied with performance
13 measures for evaluating the effectiveness of the program. If
14 a department or establishment fails to submit estimates within
15 the time specified, the governor shall cause estimates to be
16 prepared for that department or establishment as in the
17 governor's opinion are reasonable and proper. The director
18 shall furnish standard budget request forms to each department
19 or agency of state government.

20 Sec. 8. Section 8.24, Code 1995, is amended to read as
21 follows:

22 8.24 ANNUAL BIENNIAL ESTIMATE OF INCOME.

23 On or before October 1, next prior to each legislative
24 session, the director shall prepare an estimate of the total
25 income of the government for each of the two ensuing fiscal
26 year years and for each fiscal year of the ensuing fiscal
27 biennium, in which the several items of income shall be listed
28 and classified according to sources or character, and
29 departments or establishments producing the funds, and brought
30 into comparison with the income actually received during the
31 last completed fiscal year and the estimated income to be
32 received during the fiscal year in progress.

33 Sec. 9. Section 8.30, Code 1995, is amended to read as
34 follows:

35 8.30 AVAILABILITY OF APPROPRIATIONS.

1 The appropriations made are not available for expenditure
2 until allotted as provided for in section 8.31. All
3 appropriations are declared to be maximum and proportionate
4 appropriations, the purpose being to make the appropriations
5 payable in full in the amounts named if the estimated budget
6 resources during the each fiscal year of the fiscal biennium
7 for which the appropriations are made, are sufficient to pay
8 all of the appropriations in full. The governor shall
9 restrict allotments only to prevent an overdraft or deficit in
10 any fiscal year for which appropriations are made.

11 Sec. 10. Section 8.37, Code 1995, is amended to read as
12 follows:

13 8.37 FISCAL TERM BIENNIUM.

14 The fiscal ~~term~~ biennium of the state ends on the thirtieth
15 day of June in each odd-numbered year, and the succeeding
16 fiscal ~~term~~ biennium begins on the day following.

17 Sec. 11. Section 8.41, subsection 2, Code 1995, is amended
18 to read as follows:

19 2. Federal funds deposited in the state treasury as
20 provided in subsection 1 shall either be included as part of
21 the governor's budget required by section 8.22 or shall be
22 included in a separate recommendation made by the governor to
23 the general assembly. If federal funds received in the form
24 of block grants or categorical grants have not been included
25 in the governor's budget for the current fiscal year biennium
26 because of time constraints or because a budget is not being
27 submitted for the ~~next-fiscal~~ second year of a fiscal
28 biennium, the governor shall submit a supplemental statement
29 to the general assembly listing the federal funds received and
30 including the same information for the federal funds required
31 by section 8.22, part I, subsection 2, paragraph "e", for the
32 statement of federal funds in the governor's budget.

33 Sec. 12. Section 8.54, subsection 1, paragraph a, Code
34 1995, is amended to read as follows:

35 a. "Adjusted revenue estimate" means the appropriate

1 revenue estimate for the general fund for the-following a
2 fiscal year as determined by the revenue estimating conference
3 under section 8.22A, subsection 3, adjusted by subtracting
4 estimated tax refunds payable from that estimated revenue and
5 as determined by the conference, adding any new revenues which
6 may be considered to be eligible for deposit in the general
7 fund.

8 Sec. 13. Section 8.54, subsection 1, Code 1995, is amended
9 by adding the following new paragraph after paragraph a and
10 renumbering the succeeding paragraph:

11 NEW PARAGRAPH. b. "Fiscal biennium" means the two-year
12 period beginning on July 1 of each odd-numbered year and
13 ending June 30 of the next succeeding odd-numbered year.

14 Sec. 14. Section 8.54, subsections 2 and 3, Code 1995, are
15 amended to read as follows:

16 2. There is created a state general fund expenditure
17 limitation for each fiscal year of a fiscal biennium beginning
18 on or after July 1, ~~1993~~ 1997, calculated as provided in this
19 section.

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

24 Sec. 15. Section 602.1301, subsections 1 and 2, Code 1995,
25 are amended to read as follows:

26 1. The supreme court shall prepare ~~an-annual~~ a biennial
27 operating budget for the department, and shall submit a budget
28 request to the general assembly for the fiscal ~~period~~ biennium
29 for which the general assembly is appropriating funds.

30 2. a. As early as possible, but not later than December 1
31 preceding the first year of the legislative biennium, the
32 supreme court shall submit to the legislative fiscal bureau
33 the ~~annual~~ biennial budget request and detailed supporting
34 information for the judicial department. The submission shall
35 be designed to assist the legislative fiscal bureau in its

1 preparation for legislative consideration of the budget
2 request. The information submitted shall contain and be
3 arranged in a format substantially similar to the format
4 specified by the director of management and used by all
5 departments and establishments in transmitting to the director
6 estimates of their expenditure requirements pursuant to
7 section 8.23, except the estimates of expenditure requirements
8 shall be based upon one hundred percent of funding for the
9 current fiscal year biennium accounted for by program, and
10 using the same line item definitions of expenditures as used
11 for the current fiscal year's biennium's budget request, and
12 the remainder of the estimate of expenditure requirements
13 prioritized by program. The supreme court shall also make use
14 of the department of management's automated budget system when
15 submitting information to the director of management to assist
16 the director in the transmittal of information as required
17 under section 8.35A. The supreme court shall budget and track
18 expenditures by the following separate organization codes:

- 19 (1) Iowa court information system.
- 20 (2) Appellate courts.
- 21 (3) Central administration.
- 22 (4) District court administration.
- 23 (5) Judges and magistrates.
- 24 (6) Court reporters.
- 25 (7) Juvenile court officers.
- 26 (8) District court clerks.
- 27 (9) Jury and witness fees.

28 b. Before December 1 preceding the first year of the
29 legislative biennium, the supreme court shall submit to the
30 director of management an estimate of the total expenditure
31 requirements of the judicial department. The director of
32 management shall submit this estimate received from the
33 supreme court to the governor for inclusion without change in
34 the governor's proposed budget for the succeeding fiscal year
35 biennium. The estimate shall also be submitted to the

1 chairpersons of the committees on appropriations.

2 The supreme court may submit appropriation bills in the
3 second year of a fiscal biennium providing for supplemental
4 appropriations to or appropriation reductions from the
5 previously enacted fiscal biennium budget.

6 Sec. 16. EFFECTIVE DATE AND APPLICABILITY.

7 1. Sections 1 through 11 and 15 of this Act take effect
8 July 1, 1996, and apply to the fiscal period beginning July 1,
9 1997, and ending June 30, 1999, and succeeding fiscal
10 bienniums.

11 2. Sections 12, 13, and 14 of this Act take effect July 1,
12 1997.

13 EXPLANATION

14 The bill establishes a biennial budgeting process for the
15 legislative, judicial, and executive branches of state
16 government.

17 Sections 1 and 2 provide that the general assembly is to
18 enact appropriation bills during the first year of each
19 legislative biennium covering two fiscal years. It is
20 specified that these bills need not be in greater detail than
21 provided for the governor's appropriation bills under current
22 law.

23 Sections 3 through 14 provide for the implementation and
24 usage of biennial budgeting in chapter 8, the budget and
25 financial control Act, affecting the executive branch of
26 government.

27 Section 15 provides for the implementation and usage of
28 biennial budgeting in the judicial branch. The bill applies
29 to the budget for the fiscal period beginning July 1, 1997,
30 and ending June 30, 1999, and succeeding fiscal bienniums.

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