

1-26-95 Referred to approp
H- 1/30/95 approp.
FILED JAN 26 1995

SENATE FILE 68
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 59)

(p. 191)

Passed Senate, Date 1-26-95 Passed House, Date _____
Vote: Ayes 27 Nays 22 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state financial provisions by making an
2 appropriation for the fiscal year beginning July 1, 1994, by
3 establishing a property tax relief fund, providing for the
4 ending balance in the general fund of the state, and providing
5 an effective date.

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

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S.F. 68

1 Section 1. PROPERTY TAX RELIEF FUND. There is
2 appropriated from the general fund of the state to the
3 property tax relief fund created in this Act for the fiscal
4 year beginning July 1, 1994, and ending June 30, 1995, the
5 following amount, or so much thereof as is necessary, to be
6 used for the purpose designated:

7 For deposit in the property tax relief fund:
8 \$ 40,000,000

9 Notwithstanding section 8.33, moneys appropriated in this
10 section which remain unexpended or unobligated at the close of
11 the fiscal year shall not revert to the general fund of the
12 state but shall remain available for expenditure in the
13 succeeding fiscal year as provided in this section.

14 Sec. 2. Section 8.57, subsection 1, paragraph a, Code
15 1995, is amended by striking the paragraph and inserting in
16 lieu thereof the following:

17 a. The cash reserve goal percentage for fiscal years
18 beginning on or after July 1, 1995, is five percent of the
19 adjusted revenue estimate. For each fiscal year beginning on
20 or after July 1, 1995, in which the appropriation of the
21 surplus existing in the general fund of the state at the
22 conclusion of the prior fiscal year pursuant to paragraph "b"
23 was not sufficient for the cash reserve fund to reach the cash
24 reserve goal percentage for the current fiscal year, there is
25 appropriated from the general fund of the state an amount to
26 be determined as follows:

27 (1) If the balance of the cash reserve fund in the current
28 fiscal year is not more than four percent of the adjusted
29 revenue estimate for the current fiscal year, the amount of
30 the appropriation under this lettered paragraph is one percent
31 of the adjusted revenue estimate for the current fiscal year.

32 (2) If the balance of the cash reserve fund in the current
33 fiscal year is more than four percent but less than five
34 percent of the adjusted revenue estimate for that fiscal year,
35 the amount of the appropriation under this lettered paragraph

1 is the amount necessary for the cash reserve fund to reach
2 five percent of the adjusted revenue estimate for the current
3 fiscal year.

4 (3) The moneys appropriated under this lettered paragraph
5 shall be credited in equal and proportionate amounts in each
6 quarter of the current fiscal year.

7 Sec. 3. Section 8.57, subsection 1, paragraph b, Code
8 1995, is amended to read as follows:

9 b. ~~Commencing June 30, 1993,~~ The surplus existing in
10 the general fund of the state at the conclusion of the fiscal
11 year is appropriated for distribution in the succeeding fiscal
12 year as provided in this section subsections 2 and 3. Moneys
13 credited to the cash reserve fund from the appropriation made
14 in this paragraph shall not exceed the amount necessary for
15 the cash reserve fund to reach the cash reserve goal
16 percentage for the succeeding fiscal year. As used in this
17 paragraph, "surplus" means the excess of revenues and other
18 financing sources over expenditures and other financing uses
19 for the general fund of the state in a fiscal year.

20 Sec. 4. Section 8.57, subsections 2 and 3, Code 1995, are
21 amended to read as follows:

22 2. Moneys appropriated under subsection 1 shall be first
23 credited to the cash reserve fund. To the extent that moneys
24 appropriated under subsection 1 would make the moneys in the
25 cash reserve fund exceed the cash reserve goal percentage of
26 the adjusted revenue estimate for the fiscal year, the moneys
27 are appropriated to the department of management to be spent
28 for the purpose of eliminating Iowa's GAAP deficit, including
29 the payment of items budgeted in a subsequent fiscal year
30 which under generally accepted accounting principles should be
31 budgeted in the current fiscal year. These moneys shall be
32 deposited into a GAAP deficit reduction account established
33 within the department of management. Unspent moneys in this
34 account shall be available for expenditure for subsequent
35 fiscal years. The department of management shall annually

1 file with both houses of the general assembly at the time of
2 the submission of the governor's budget, a schedule of the
3 items for which moneys appropriated under this subsection for
4 the purpose of eliminating Iowa's GAAP deficit, including the
5 payment of items budgeted in a subsequent fiscal year which
6 under generally accepted accounting principles should be
7 budgeted in the current fiscal year, shall be spent. The
8 schedule shall indicate the fiscal year in which the spending
9 for an item is to take place and shall incorporate the items
10 detailed in 1994 Iowa Acts, chapter 1181, section 17. The
11 schedule shall list each item of expenditure and the estimated
12 dollar amount of moneys to be spent on that item for the
13 fiscal year. The department of management may submit during a
14 regular legislative session an amended schedule for
15 legislative consideration. If moneys appropriated under this
16 subsection are not enough to pay for all listed expenditures,
17 the department of management shall distribute the payments
18 among the listed expenditure items. Moneys appropriated to
19 the department of management under this subsection shall not
20 be spent on items other than those included in the filed
21 schedule. After elimination of the GAAP deficit, including
22 elimination of the making of any appropriation in an incorrect
23 fiscal year, any moneys in the GAAP deficit reduction account
24 shall be appropriated in equal amounts to the Iowa economic
25 emergency fund and the property tax relief fund.

26 3. To the extent that moneys appropriated under subsection
27 1 exceed the amounts necessary for the cash reserve fund to
28 reach its maximum balance and the amounts necessary to
29 eliminate Iowa's GAAP deficit, including elimination of the
30 making of any appropriation in an incorrect fiscal year, the
31 moneys shall be appropriated in equal amounts to the Iowa
32 economic emergency fund and the property tax relief fund.

33 Sec. 5. NEW SECTION. 8.57A PROPERTY TAX RELIEF FUND.

34 1. The property tax relief fund is created in the state
35 treasury under the authority of the department of revenue and

1 finance. The fund shall be separate from the general fund of
2 the state and shall not be considered part of the general fund
3 of the state except in determining the cash position of the
4 state for payment of state obligations. The moneys in the
5 fund are not subject to the provisions of section 8.33 and
6 shall not be transferred, used, obligated, appropriated, or
7 otherwise encumbered except as provided in this section.
8 Moneys in the fund may be used for cash flow purposes,
9 provided that any moneys so allocated are returned to the fund
10 by the end of each fiscal year. However, the fund shall be
11 considered a special account for the purposes of section 8.53,
12 relating to elimination of any GAAP deficit.

13 2. Moneys in the fund shall be used for property tax
14 relief as provided by the general assembly.

15 Sec. 6. EFFECTIVE DATE. Sections 1 through 3 and 5 of
16 this Act, being deemed of immediate importance, take effect
17 upon enactment.

18 EXPLANATION

19 This bill relates to state financial provisions by making
20 an appropriation for the fiscal year beginning July 1, 1994,
21 to a property tax relief fund and providing for use of excess
22 revenues in future fiscal years, and providing an effective
23 date.

24 Section 8.57 currently provides for an annual increase in
25 the cash reserve goal percentage until a five percent maximum
26 amount of the adjusted revenue estimate is reached in fiscal
27 year 1997-1998. The bill accelerates the implementation of
28 the maximum amount to fiscal year 1995-1996. In addition, the
29 provisions are rewritten to specify the mechanism of the
30 appropriations.

31 New section 8.57A creates a new property tax relief fund.
32 Beginning with fiscal year 1995-1996, 50 percent of the moneys
33 remaining after the surplus in the state general fund ending
34 balance is used to fill the cash reserve and to maintain the
35 state's activities under generally accepted accounting

1 principles (GAAP) are to be deposited in the property tax
2 relief fund. The other 50 percent is to be deposited in the
3 Iowa economic emergency fund.

4 All provisions in the bill take effect upon enactment
5 except for section 4, providing for the deposits of moneys in
6 both the property tax relief fund and the Iowa economic
7 emergency fund, which takes effect in fiscal year 1995-1996.

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S-3019

1 Amend Senate File 68 as follows:

2 1. Page 1, by inserting after line 13 the
3 following:

4 "On or before June 1, 1995, the county auditor of
5 each county shall certify to the director of revenue
6 and finance the total amount of assessed value of
7 taxable property in the county. After receiving the
8 certifications, on or before July 15, 1995, the
9 director of revenue and finance shall draw warrants
10 from the fund totaling forty million dollars and mail
11 the warrants to the county auditor of each county in
12 an amount equal to the proportion of assessed value of
13 taxable property in the county is to the total
14 assessed value of all taxable property in the state.
15 Upon receipt of funds from the department, the county
16 auditor shall determine on a pro rata basis the amount
17 to be credited to each tract of taxable real property
18 and shall enter the amount upon the tax lists as a
19 credit against the tax levied on each tract of taxable
20 real property before delivering the tax lists to the
21 county treasurer. The county treasurer shall show on
22 each tax receipt the amount of tax credit for each
23 tract of real property."

By MERLIN E. BARTZ
ALLEN BORLAUG
DERRYL McLAREN

MARY LOU FREEMAN
STEWART IVERSON, JR.

S-3019 FILED JANUARY 26, 1995
LOST

Murphy. Ch
Boswell
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SSB-59

Appropriations
Succeeded By
SE/HE 68
SENATE FILE
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MURPHY)

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